FOCUS | NRA

COVER STORY

HEALTH CARE FEEDING: A GROWING SEGMENT

By Peter Romeo

A shift in orientation has transformed the $12.7 billion health care feeding segment into both an important growth vehicle for contract feeders and restaurants and a serious potential competitor.

Over the last year or so, hospital and nursing home food-service managers have laid the groundwork for both developments—and changed the nature of health care feeding in the process—in response to a set of contradictory goals being imposed on them by their superiors.

On the one hand, "the escalating cost of health care has raised an outcry from the public, the Government and insurance companies," says Richard Beaudin, regional vice president of the consulting firm Cini-Grissom. With 75% of the Federal Government's DRG (diagnostic-related group) price ceilings now in effect, "hospital administrators are running around yelling, 'the sky is falling, the sky is falling. Where can we cut our costs?'"

One of the prime areas of scrutiny, he and other observers agree, is the hospital kitchen.

"I've seen health care feeding services go from the day of 'we want what we want' to 'how much can we afford to do?'" says Kay Dusty, a district manager for Custom Management Corp.

At the same time the number of health care facilities in the United States has grown exponentially, drastically heightening competition. Hospitals have begun to market themselves aggressively for the first time ever, usually relying on their food service as a key promotional tool.

"If you're a patient in a hospital, you don't know what went on in the operating room, and you try to forget much of the treatment. What you remember and care about is the food," Beaudin observes.

The Century City Hospital in Los Angeles, for instance, has rented a highway billboard prominently displaying a lobster on a hospital tray. "We check you in as a patient, but we treat you like a guest," the tagline reads.

Similarly, five of the nursing homes run by Manor Care Inc. of Silver Spring, Md., now feature a special Williamsburg Wing, complete with a "gourmet" dining room. Besides serving unexpected items like wine and beer, the upscale facility is open to the public once a week, on the condition that a patron be accompanied by someone over age 55.

"It's been a great marketing tool for us," says Manor Care spokesman Richard Lazarnick. "We have a backlog of nine to 18 months for reservations at some of our facilities. We've even started to require a deposit, the way hotels do."

The in-house feeder's dilemma of having to serve more elaborate meals at a lower cost was expected to drive many hospitals into the arms of contract feeding companies, which could promise more efficiently run operations.

But the heavy onslaught failed to materialize, or at least not as quickly as most observers believed earlier in the decade.

According to a recent report from the U.S. Department of Commerce, approximately 20% of all health care meals are provided today by contact feeders. That figure is virtually unchanged from the tally for 1983, when the implementation of government-set cost controls was expected to create a widespread demand for outside managers.

Consultants and most contract feeders attribute the slower-than-expected penetration to an unrealistic belief on the part of health care operations that they can do an equally efficient job on their own. Why jack up our food-service costs by 5% to 10% for a management company's fee, the facilities supposedly reason, if we can have our own managers do it for what we're paying them now?

As a result, the early 1980's brought a heavy-handed computerization of hospital food-service operations. The units were used to strengthen cost controls, which became the overriding consideration.

To keep labor costs as low as possible, simpler menus came into play, often calling for foods partially prepared ahead of time. Training also became a big concern, in the hope that better-prepared employees would prove to be more efficient workers.

But despite that industrywide effort, "hospital food-service operations are still not efficient, not by a long run," says Roslyn Willett, president of the consulting firm Roslyn Willett Associates Inc. "The best you can expect from a hospital kitchen today is 25 meals per employee per shift," compared to the 30 to 35 most observers say a contract feeder can provide.

Not coincidentally, hospitals are more readily beginning to accept the advances of contract feeders. "They [the hospitals] are now saying to us, 'Show us what you can do.' Two years ago you didn't get that far," says John Pryor, vice president of sales and marketing for Morrison Inc.

Other contract feeders report similar, if not more positive, experiences. Marriott Corp.'s Food Service Management division recently expanded the number of its hospital customers by 4.6% on a single day, raising the tally to 86 facilities. Saga Corp. has increased its roster of health care customers by 36% over the last 18 months, through the addition of 48 new accounts.

Morrison currently has 190 health care customers, though "the total changes almost on a weekly basis," Pryor notes.

"Every contract feeder sees that the market has to blossom in the near future," he continues. "We've only seen the tip of the iceberg."

"More and more hospitals are looking for alternatives to in-house operations," says Tony Alibrio, vice president of marketing and sales for Saga Corp.'s Health Care division. "We're already coming on strong, and in the next 12 to 18 months we'll come on even stronger."

Statistics from the National Restaurant Association (NRA) bear out this contention. The trade group predicts that health care food and beverage sales will total over $13.5 billion, for a 6.3% increase over 1984. Of that 1985 tally, contract feeders are expected to account for "significantly more" than $1.3 billion, or 9.9% more than they realized in health care sales during 1984, according to an NRA spokesman.

Adjusted for inflation, the sales increase for contracted health care feeders amounts to 5%, compared to a predicted real growth of 1.5% for in-house feeders and 3.4% for the commercial food-service industry as a whole.

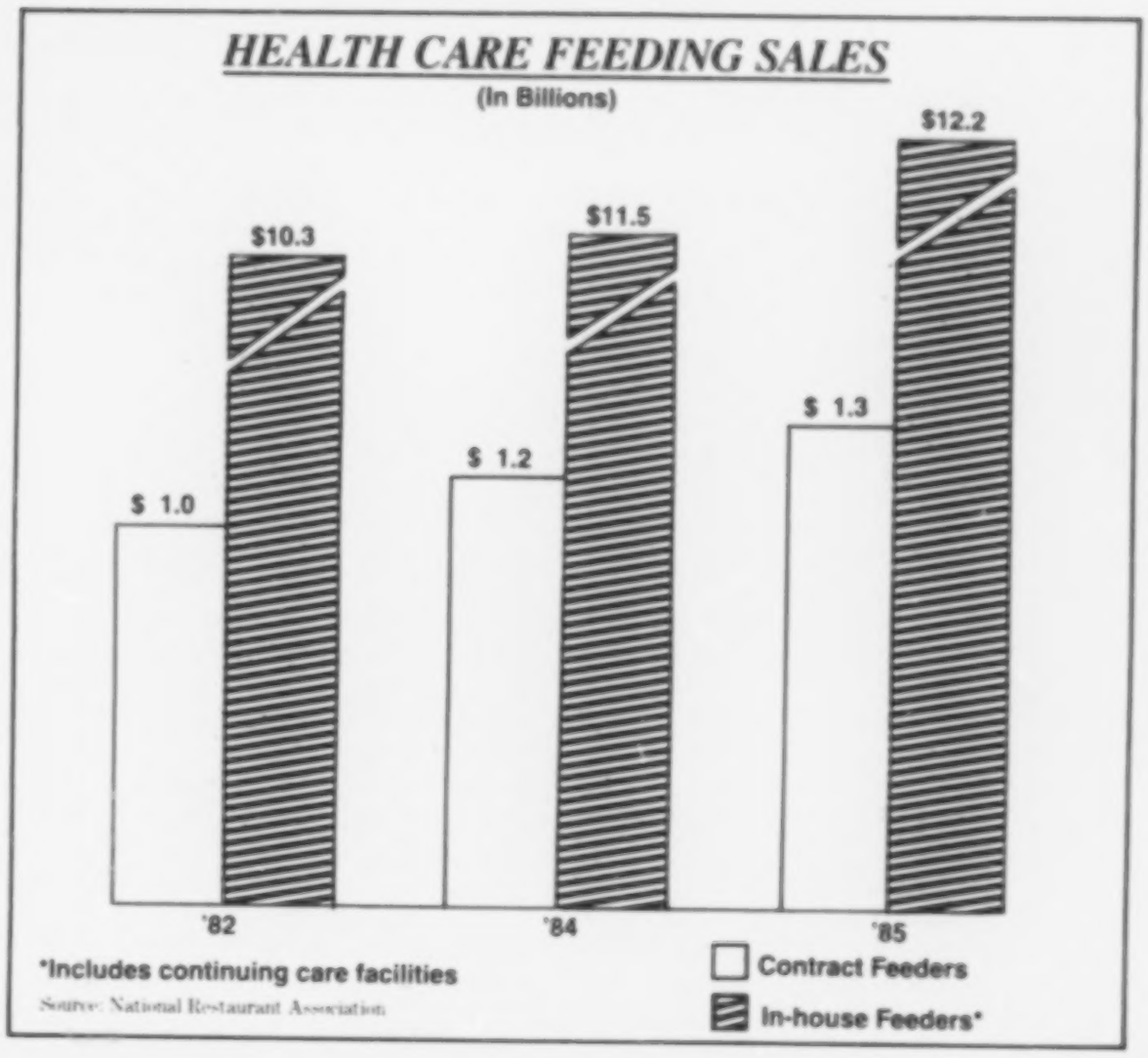
In addition, the Commerce Department noted in its recent *U.S. Industry Outlook* that the health care potential for contract feeders may prompt other companies to join the six that now serve that sector.

However, recent developments within the ranks of in-house hospital feeders suggest that the blessing for contract feeders may be to some extent a mixed one.

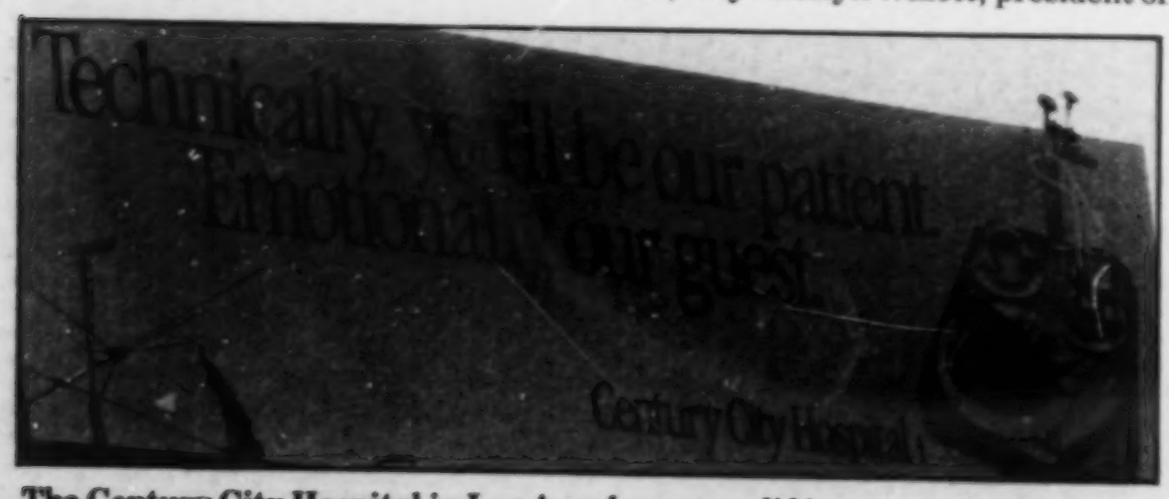
One of the ways hospital food-service departments have countered mounting cost containment pressures is by resorting in sizable numbers to a process called "cook-chill" or "cook-to-inventory." In essence the procedure calls for large quantities of meals to be prepared at once and then flash-frozen. Meals prepared in that fashion can be stored for as long as two months before being reheated, allowing a kitchen to make maximal use of its labor and smooth out peaks in demand without expanding the workforce.

But because the cook-chill equipment is so expensive, many facilities are attempting to maximize the return on their investment by selling cook-chill meals to other nearby institution-

(See HEALTH, page F4)



'A hospital cafeteria can seldom generate the necessary traffic without turning to outside customers.'



The Century City Hospital in Los Angeles uses a different marketing tag.

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HEALTH CARE FEEDING

Contract feeders are expected to benefit from a massive increase in nursing homes as Americans get older.

(Continued from page F3)

al kitchens—in effect positioning themselves as contract feeders.

"That technique is already being used, though not widely," says Beaudin. "But it will probably come to be used a lot more. A lot of people are talking about it."

Besides, hospitals are not limiting their catering efforts to that one endeavor. Several hospital feeders mentioned that they are now handling the food-service needs of community group or management teams meeting within the hospital. All agreed that catering to outside groups will likely be the next step, though most were uncertain when it would happen or to what extent.

At the same time a number of hospital food-service operations are moving to position themselves as full-fledged competitors to commercial restaurants.

They are being prompted to do so by a "zero-base subsidy rationale" being applied by hospitals to their employee cafeterias, once one of the most wasteful areas of health care feeding, says Paul Hysen, president of the consulting concern the Hysen Group.

Although hospitals once were willing to accept a loss from their employee feeding operations, "it's got to the point where the cafeteria now has to pay its own way. They need to generate their own revenues, if not a profit," Hysen says.

Yet a hospital cafeteria can seldom generate the necessary traffic without turning to outside customers. To make matters worse, cafeterias are losing in-house customers to nearby fast-food operations.

"Your cafeteria is only open from 6 [a.m.] to 6 [p.m.]. So you don't get much of a return on your investment," says Custom Management's Dusty. "Hospitals are realizing that they have a full facility just sitting there waiting to be used."

She, Hysen and several other observers note that a number of hospitals have already taken the bold step of turning their cafeterias into fast-food outlets, take-home delis and bakeries, or even sit-down restaurants, and then opening them to the public.

All agree that the trend will continue, in part because it meets a health care facility's pressing need to market itself more aggressively to the public. For instance, Hysen mentioned that several Midwestern hospitals have opened on-premises health food restaurants in an effort to increase their exposure to potential patients, impress them with their high-quality fare and promote the notion that the hospital is concerned about the community's overall health.

But, as Hysen notes, operating a commercial restaurant can be a precarious and expensive endeavor for a hospital feeder. Consequently, many facilities are calling in commercial restaurant chains, particularly fast feeders, to run an on-premises operation.

The Tipcan Memorial Hospital in Canton, Ohio, for instance, now sports a Hardee's. Kentucky Fried Chicken outlets have opened in several hospitals, and Big Boys, a chain run by Marriott, have popped up inside several other facilities all across the nation.

Though observers are uncertain how far the trend will go, the possibility of tying in with hospitals opens a potentially vast market for restaurant chains, particularly if they can team up with the giant hospital chains that have evolved in recent years.

Although hospitals clearly represent a better growth opportunity for contract feeders and restaurant chains, a revolution about to take place in the nursing home market is expected to enhance the potential.

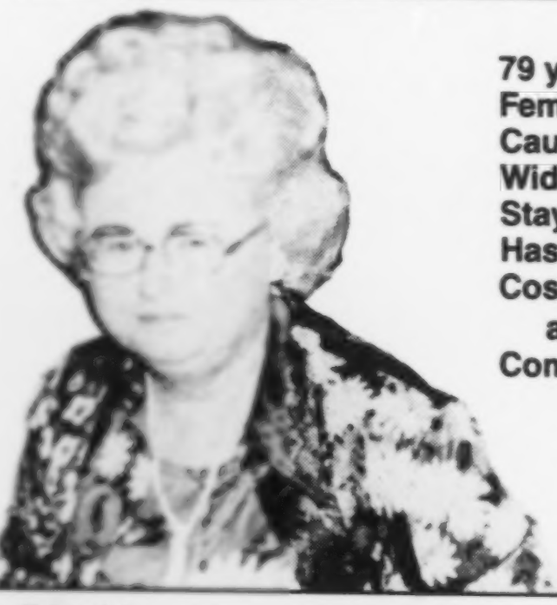
Contract feeders especially are expected to benefit from a massive increase in the number of nursing homes, the result of an unparalleled shift in American demographics.

As the baby boom generation "grays," the day will eventually arrive when almost half the American population will be above age 65. And "at any given time, 5% of the population over age 65 will be in nursing homes," says Manor Care's Lazarnick.

According to figures provided by Lazarnick, 26 million Americans have already celebrated their 65th birthday. The total is expected to soar to 30 million—an increase of 15.4%—by 1990.

Though nursing homes have long felt the cost constraints that now affect hospitals, their daily fees have nevertheless continued to skyrocket. The key question, especially for contract feeders, is whether the Government will intervene, as it has done in other areas of health care.

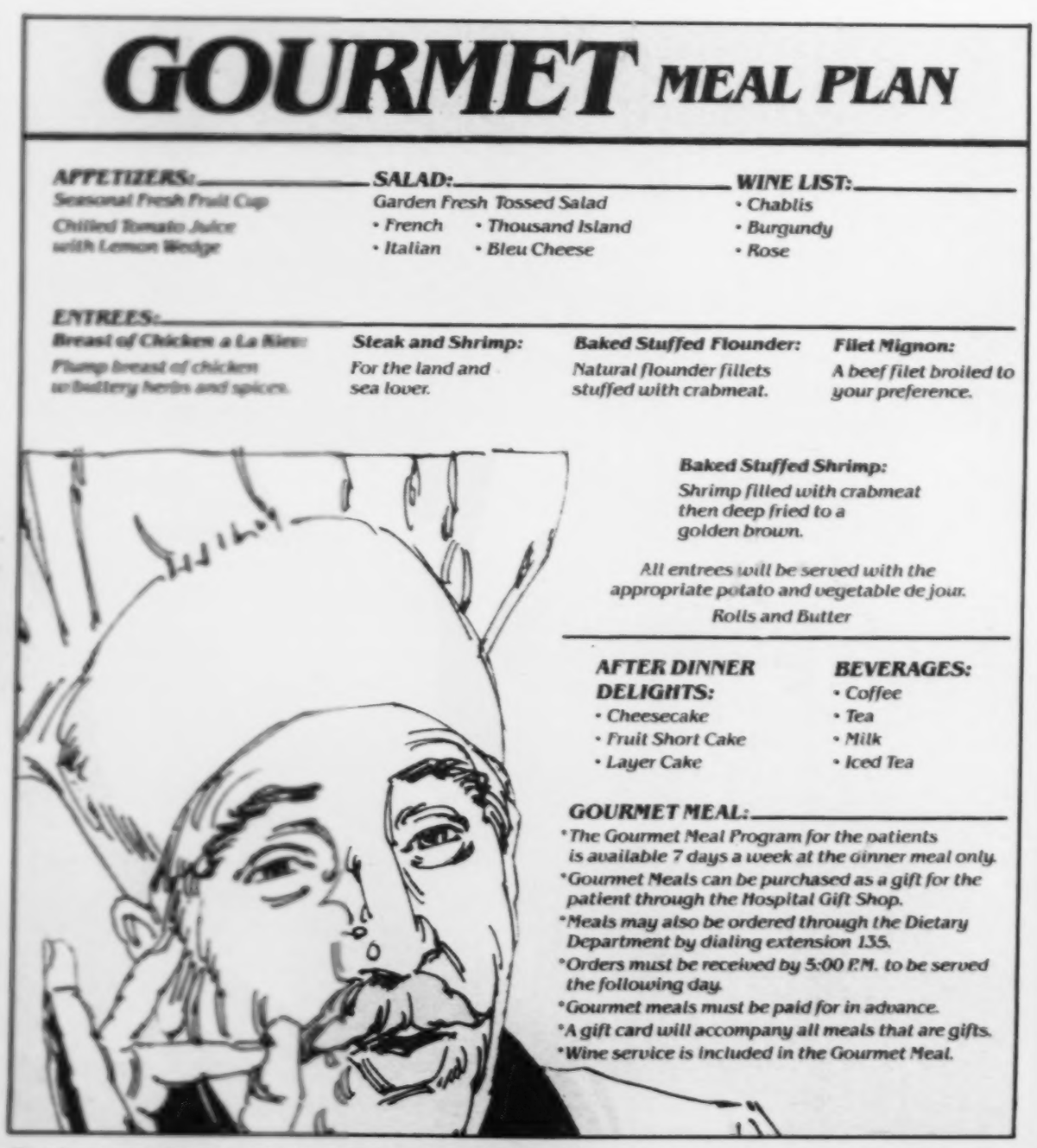
PROFILE OF TYPICAL NURSING HOME PATIENT



79 years old
Female
Caucasian
Widowed
Stays 2.4 years
Has three or more chronic illnesses
Costs $65 a day to house, feed and treat
Comes directly from her home

Source: Manor Care Inc.

Here, workers at Beth Israel Hospital in Newark, N.J., prepare meal trays for patients. Although hospital patients tend to forget most of their stay, the memory of the food lingers long after they have been discharged. Once considered tasteless and boring, hospital food is becoming more attractive.


GOURMET MEAL PLAN
APPETIZERS:
Seasonal Fresh Fruit Cup
Chilled Tomato Juice with Lemon Wedge
SALAD:
Garden Fresh Tossed Salad
• French • Thousand Island
• Italian • Bleu Cheese
WINE LIST:
• Chablis
• Burgundy
• Rose
ENTREES:
Breast of Chicken a La Kiev:
Plump breast of chicken w/buttery herbs and spices.
Steak and Shrimp:
For the land and sea lover.
Baked Stuffed Flounder:
Natural flounder fillets stuffed with crabmeat.
Filet Mignon:
A beef filet broiled to your preference.
Baked Stuffed Shrimp:
Shrimp filled with crabmeat then deep fried to a golden brown.
All entrees will be served with the appropriate potato and vegetable de jour.
Rolls and Butter
AFTER DINNER DELIGHTS:
• Cheesecake
• Fruit Short Cake
• Layer Cake
BEVERAGES:
• Coffee
• Tea
• Milk
• Iced Tea
GOURMET MEAL:
*The Gourmet Meal Program for the patients is available 7 days a week at the dinner meal only.
*Gourmet Meals can be purchased as a gift for the patient through the Hospital Gift Shop.
*Meals may also be ordered through the Dietary Department by dialing extension 135.
*Orders must be received by 5:00 P.M. to be served the following day.
*Gourmet meals must be paid for in advance.
*A gift card will accompany all meals that are gifts.
*Wine service is included in the Gourmet Meal.

Patients at Riverside General Hospital in Secaucus, N.J., have the option of dining on gourmet meals. The special dinners are available seven days a week and include appetizers, salad, entrees, dessert, wine and beverages. The meals can be purchased as gifts by friends or relatives. This poster is displayed prominently throughout the hospital.

Pizza chains, independents battle for share

(Continued from page 3)

gourmet international pan pizzas from Noble Roman's; a New York-style thin crust pizza from Godfather's, and even home-delivered breakfast omelets from Domino's.

As Robert Taft, chief operating officer of the 100-unit Pizza Hut franchisee A&M Food Service, put it: "You gotta do something new or you get trampled."

And Domino's and Little Caesar's, both based in Michigan, are leading the way with aggressive unit expansion. Domino's finished 1984 with nearly 2,000 units open, making it the second largest pizza chain, and expects to open its 3,000th unit by year-end. Take-out chain Little Caesar which began 1985 with 668 units, plans to open its 1,000th store this year.

GODFATHER'S, ONCE the second biggest chain and the hottest in the restaurant industry, has had to cut back its expansion plans due to severe internal pressures. A decline in profitability, a disastrous pan pizza rollout, and the erosion of investor and franchisee confidence led to the forced resignations of chief executive Charles Boppell and his boss, Don Smith, chief executive of parent Diversifoods. Pizza Hut veteran Everett Jefferson is now trying to get Godfather's back in shape.

Some analysts, charging widespread couponing in the segment has weakened profit margins, call Godfather's "the first large casualty" of that process. But other chains are also heavily into discounting, with dollar-offs and 2-for-1 widely used.

Other casualties in the pizza wars are the once-fast-growing pizza-and-games chains. Many, such as Chuck E. Cheese's Pizza Time Theater, are now mired, in bankruptcy courts. Pizza Inn's Spillman said the rapid rise and fall of these concepts "might have had a negative effect on the pizza business."

With Godfather's and other chains faltering, there's a scramble to pick up market share. Pizza Hut, far and away the segment leader with 4,600 units, has held steady with about a 20% share of the pizza market, but that may rise with its continued emphasis on new products and operating efficiencies. Many observers also see a bright future for strong regional chains such as Rocky Rococo, Noble Roman's and Round Table Pizza.

THE BIG chains, meanwhile continue to underperform in the major metropolitan markets which they have to penetrate with large numbers of stores for media efficiency and where they go head to head with popular local independents.

Los Angeles, for example, has proved difficult for pizza chains to break into because it is expensive and sprawling. New York consumers seem to prefer their local pizzerias, though Godfather's has 14 New York City stores.

IN THE new product area, the new priazzo is "Pizza Hut's entry into the upscale, gourmet market," says a franchisee. Priced like a very large pizza (more than $12) and serving about four persons, it has a top and bottom crust and is filled with tomato sauce and choices of meats and vegetables. On top are two cheeses. It is served on a board and cut at tableside.

Some so-called upscale products may meet with consumer resistance. Executives at Noble Roman's report "some reluctance to trial" of their new special-toppings international pan pizzas, possibly because of the higher prices.

These products—the priazzo and the international pan pizzas—are designed for the dinner trade, the traditional pizza daypart. But most chains are building their lunch trades as well, and at least one is venturing into breakfast.

PIZZA HUT broke lunchtime wide open for the chains with its heavily marketed personal pan pizza two years ago. Last year it rolled out a bigger version of that product called Big Topper. Lunch now accounts for 25% of sales.

Jack in the Box: more changes

(Continued from page 3)

Jack's menu development vice president to the position of executive vice president of corporate development and franchising.

Oyster will take over supervision of Jack's campaign to franchise about 100 existing units in California, Texas, Colorado and Missouri. At fiscal year end last Sept. 30, the chain had 777 company and 61 franchised units (47 in California, 13 in Arizona and one in Hawaii).

Newspaper advertisements for three franchise units available in St. Louis, Mo., where Ralston Purina is based, specified franchisee qualifications of $140,000 in liquid assets and a total net worth of at least $190,000.

The company is expected to expand substantially in the current year, although Jack officials have declined to specify projected net unit growth numbers.

Along with the other appointments, James M. Matthews Jr. and Kenneth R. Williams were each named operations vice presidents. Matthews and Williams, Jack's veterans for 17 and 19 years, respectively, will have operations responsibilities for approximately half of the company-operated chains. Both were former division vice presidents and zone general managers and both will relocate to the company's San Diego headquarters office and will report to Nugent.

Meanwhile, Jack in the Box's 39-unit test of the new Monterey Jack's name continues at six units in Albuquerque, N.M.; at three in Beaumont, Tex., and at all 30 units in the Seattle area. The New Mexico-Texas tests began Oct. 8; the Seattle tests began a month later.

Foodmaker lifted and retained the Monterey Jack's name from some of the dinner-houses in its Continental Restaurant Systems division, before selling the division to Denver-based Vicorp a year ago.

PRESIDENT GOODALL has indicated a decision to expand the name change could be made later this month, but could be deferred until mid-year.

Jack in the Box's efforts to shift its marketing away from the declining youth market to an adult specialty sandwich market have resulted in explosive profit growth. Such introductions as croissant breakfast sandwiches, chefs salads, pita pocket sandwiches and dinner-in-the-box entrees have helped boost operating profit for Ralston Purina's restaurant division—now made up entirely of Jack in the Box—from $36 million in 1980 to $61.4 million in fiscal 1984. Operating profit as a percentage of sales soared from 7.5% to nearly 10% over the same period.

Average annual sales per unit were $753,000 last year, up nearly 8% from 1983, for an annual total of about $600 million. Jack in the Box contributed about 12% of both sales and operating profit for $5 billion Ralston Purina last year.

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NRN Index rises 2.9 points in broad market rally

(Continued from page 74)

gan debate on the Federal budget. The 19-day stretch of a positive advance-decline ratio ended on Friday, Feb. 1.

Measured from a year ago when the DJIA stood at 1211.57, the *NRN* Stock Index has outperformed the leading market barometer by about 6%.

Leading the charge for the restaurant stocks was Victoria Stations, which gained 75¢.

Kelly-Johnston was the leading loser of the week, giving up 25¢, to $1.13.

Peoples Restaurants, the third-leading loser of the week, showed the heaviest volume surge. Peoples lost 6¢, to 38¢, as 2.6 million shares, or 30% of its outstanding common, traded hands.

The four lows were found by Fresher Cooker, unchanged at $3.88, Max & Erma's which closed at $2.75 after touching $2.50, Rax Restaurants, which ended the week at $8.75 after rising off of $8, and TGIF Texas, at $2.25.

McDonald's hit a midweek $59.25, which was a yearlong record high, and then backtracked 63¢ to $57.50.

Primo Inc. was the second biggest price winner of the week, gaining 63¢, to $3.50. GD Ritzy's, which touched a 52-week low the week before, recovered 50¢, to close at $3.

VOLUME TREND LEADERS

Company Name	Volume Trend Change %	Company Name	Volume Trend Change %
Peoples Rest ..... M	370.6	Allegheny Bev ..... M	258.9
Gen Mills ..... N	362.1	Carrols Cp ..... N	240.2
El Torito Rest ..... N	325.4	Shoney's Inc ..... M	238.0
Karcher Carl ..... M	297.4	Holiday Inns ..... N	222.8
Shoney's South ..... M	285.7	Naugles Inc ..... M	177.1

TOP TEN GAINERS

Company Name	Weekly Price Change %	Company Name	Weekly Price Change %
Victoria Stations ..... M	25.0	Gen Mills ..... N	14.7
Primo Inc ..... O	21.7	Karcher Carl ..... M	10.8
Ritzys G D ..... M	20.0	Rest Assoc ..... A	10.4
Kapok Cp ..... A	16.7	Max Erma's ..... O	10.0
Amer Rest ..... O	16.0	Calibre Cp ..... M	10.0

TOP TEN LOSERS

Company Name	Weekly Price Change %	Company Name	Weekly Price Change %
Kelly-Johnston ..... M	- 18.2	Maverick Rest ..... O	- 12.5
Hungry Tiger ..... M	- 14.9	SIS Cp ..... M	- 9.5
Peoples Rest ..... M	- 14.3	Consul Restaurant ... M	- 9.1
Garcias Scot ..... M	- 13.5	DLites Of Amer ..... O	- 8.3
Good Taco ..... M	- 12.5	Fuddruckers Inc ..... M	- 7.9

	Stock Market											Financial Update																	
		Price						Volume							Latest Report			Latest Quarter						Year-to-Date					
			Weekly		Weekly		52-Week		Weekly		12-Week	Volume		Indicated															
Company and Market	2-01-85 Close	Change Amt.	Change Pct.	Range High	Range Low	Range High	Range Low	Shares Traded Total	Shares Traded % Out	Avg. Vol. As % Out	Trend Change	P/E Ratio	Divd. Rate Amt.	Divd. Rate Yld.	New Report	Period	Date Ended	Revenue Amt.	Revenue Chg.	Net Income Amt.	Net Income Chg.	E.P.S. Amt.	E.P.S. Chg.	Revenue Amt.	Revenue Chg.	Net Income Amt.	Net Income Chg.	E.P.S. Amt.	E.P.S. Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Food-Service Operators																													
A&M Food Svcs ..... M	4.88	.00	.0	5.25	4.88	7.50	3.50	131	.37	.44	- 15.9	13.9	.00	.0	.....	9 mos.	09-84	8.1	26.6	.4	.0	.11	- 26.7	22.1	28.5	1.1	22.2	.30	- 14.3
Acapulco Rests ..... O	3.88	.00	.0	4.13	3.88	5.38	3.50	79	.32	.64	- 50.0	15.5	.00	.0	.....	fiscal	10-84	10.3	5.1	.3	NE	.11	NE	38.6	1.8	.6	NE	.25	NE
Amer Rest ..... O	3.63	.50	16.0	3.88	3.25	6.00	2.38	103	.45	1.08	- 58.3	19.1	.00	.0	.....	9 mos.	10-84	4.6	21.1	.1	.0	.02	- 71.4	13.6	20.4	.3	.0	.12	- 40.0
Assoc Hosts ..... M	12.50	- .75	- 5.7	12.75	10.88	17.13	10.50	2,436	5.51	3.33	65.5	14.7	.12	1.0	.....	fiscal	09-84	23.3	.9	.8	- 11.1	.19	- 9.5	94.4	6.9	3.8	18.8	.85	18.1
Beefsteak Char ..... A	2.25	- .13	- 5.3	2.63	2.25	4.63	1.75	458	.81	.93	- 12.9	1.7	.00	.0	.....	9 mos.	07-84	19.9	- 12.3	(.4)	NC	.07	600.0	68.7	- 6.4	(1.7)	- 100.0	.30	3.4
Benihana Natl ..... M	16.13	.75	4.9	16.25	15.75	16.25	4.50	1,295	5.18	2.86	81.1	28.8	.00	.0	.....	fiscal	03-84	NC	NC	NC	NC	NC	NC	19.8	NC	1.4	NC	.56	NC
Bob Evans Farms ..... M	19.25	.88	4.8	19.50	18.38	21.25	14.75	1,227	.75	.59	27.1	18.7	.30	1.6	.....	6 mos.	10-84	58.1	12.6	4.6	9.5	.28	12.0	112.1	13.3	9.0	8.4	.55	10.0
Calibre Cp ..... M	1.38	.13	10.0	1.50	1.00	9.00	1.00	415	1.37	.51	168.6	NE	.00	.0	.....	3 mos.	10-84	3.5	9.4	(.7)	NE	(.22)	NE	3.5	9.4	(.7)	NE	(.22)	NE
Cainy Food ..... M	11.25	1.00	9.8	11.50	10.50	11.50	7.25	2,794	6.16	2.60	136.9	17.9	.16	1.4	.....	9 mos.	11-84	13.6	24.8	.9	80.0	.19	46.2	38.6	18.0	2.3	53.3	.50	28.2
Capt Crab ..... M	2.25	.13	5.9	2.25	2.00	6.13	1.38	1,617	1.41	1.86	- 24.2	NE	.00	.0	.....	9 mos.	05-84	2.6	550.0	(.5)	NC	(.04)	NC	3.7	208.3	(.6)	NC	(.05)	NC
Carrols Cp ..... N	11.13	1.00	9.9	11.50	10.00	11.50	7.13	2,562	3.30	.97	240.2	15.9	.07	.6	.....	6 mos.	11-84	36.3	23.5	1.8	63.6	.22	22.2	74.6	21.3	3.9	34.5	.50	4.2
Chi-Chi's ..... M	11.50	- .63	- 5.2	11.75	10.75	19.50	10.00	10,890	4.05	4.89	- 17.2	17.2	.00	.0	.....	6 mos.	10-84	52.3	40.6	4.5	2.3	.16	- 15.8	97.5	34.1	9.5	18.8	.35	2.9
Chili's inc ..... M	25.63	1.38	5.7	25.63	23.88	25.63	12.75	1,282	2.85	2.98	- 4.4	37.7	.00	.0	NEW	6 mos.	12-84	16.0	58.4	1.0	150.0	.20	81.8	31.0	52.7	1.9	137.5	.41	78.3
Churchs Fr Ch ..... N	33.75	- .13	- .4	34.50	33.13	34.63	21.25	2,093	1.11	1.90	- 41.6	17.6	.80	2.4	.....	9 mos.	09-84	124.8	13.0	10.4	- 2.8	.55	- 1.8	355.5	17.4	28.1	19.6	1.49	21.1
Collins Foods ..... N	18.88	- .25	- 1.3	19.63	18.50	19.63	9.91	1,167	1.34	1.51	- 11.3	14.7	.16	.8	.....	6 mos.	10-84	114.8	16.5	5.1	15.9	.39	14.7	229.9	20.3	9.9	19.3	.75	15.4
Concept Dev ..... O	9.50	.00	.0	10.13	9.25	17.69	5.75	871	1.68	2.04	- 17.6	18.3	.00a	.0	.....	3 mos.	09-84	10.9	19.8	.0	- 100.0	.00	- 100.0	10.9	19.8	.0	- 100.0	.00	- 100.0
Consol Prdts ..... M	5.13	.13	2.5	5.13	5.00	8.75	4.75	173	.49	.36	36.1	14.6	.00	.0		fiscal	09-84	16.4	8.6	.6	20.0	.16	45.5	67.8	6.9	1.3	.0	.35	20.7
Consul Restaurant ..... M	5.00	- .50	- 9.1	5.25	4.75	13.88	4.50	1,519	3.37	2.71	24.4	83.3	.00	.0	.....	6 mos.	11-84	20.9	32.3	(.4)	- 100.0	(.11)	- 100.0	42.0	32.9	(.4)	- 100.0	(.10)	- 100.0
Cracker Barrel ..... M	15.50	.00	.0	16.00	15.50	23.50	11.75	412	1.16	1.05	10.5	16.5	.14	.9	.....	3 mos.	10-84	16.6	18.6	.8	.0	.26	- 13.3	16.6	18.6	.8	.0	.26	- 13.3
Cucos Inc ..... O	4.00	.25	6.7	4.75	3.75	4.75	2.75	105	.93	.79	17.7	21.1	.00	.0	.....	9 mos.	03-84	.7	NC	.1	NC	.03	NC	2.1	NC	.1	NC	.10	NC
Diversifoods ..... M	9.75	.38	4.0	9.88	8.88	16.75	8.00	12,366	3.69	7.56	- 51.2	10.7	.34	3.5	.....	9 mos.	09-84	148.8	16.0	7.0	- 26.3	.21	- 25.0	420.7	17.1	22.2	- 9.8	.66	- 10.8
DLites Of Amer ..... O	12.50	- 1.13	- 8.3	13.13	12.50	15.50	11.50	2,394	4.90	2.96	65.5	NM	.00	.0	.....	6 mos.	09-84	2.3	53.3	.1	.0	.04	100.0	4.7	62.1	.1	.0	.05	25.0
Dunkin Donuts ..... M	25.50	.63	2.5	25.75	24.25	26.25	18.13	1,460	3.07	1.47	108.8	13.6	.32	1.3	.....	fiscal	10-84	23.9	18.3	2.1	10.5	.43	16.2	90.3	16.5	9.1	15.2	1.87	15.4
El Chico ..... M	8.88	- .50	- 5.3	9.25	8.75	11.00	7.25	290	.62	.94	- 34.0	11.2	.00	.0	.....	6 mos.	11-84	20.1	4.7	.9	.0	.19	- 5.0	41.2	7.3	1.8	.0	.39	- 2.5
El Torito Rest ..... N	13.75	.88	6.8	14.00	12.75	14.63	9.00	2,776	2.51	.59	325.4	14.9	.00	.0	.....	9 mos.	09-84	65.9	17.3	4.1	17.1	.35	25.0	189.0	20.5	9.0	32.4	.78	44.4
Fast Food Oper ..... O	.94	.06	7.1	1.00	0.88	1.88	.69	445	.75	1.08	- 30.6	15.6	.00	.0	.....	fiscal	12-83	1.6	33.3	.1	.0	.02	.0	6.1	32.6	.3	.0	.06	20.0
Flakey Jakes ..... M	6.50	.50	8.3	6.75	5.88	9.13	5.00	1,931	2.77	1.84	50.5	NE	.00	.0	.....	9 mos.	09-84	3.3	371.4	(.3)	NE	(.05)	NE	6.6	340.0	(.7)	NE	(.11)	NE
Fresher Cooker ..... O	3.88	.00	.0	4.13	3.88	6.75	3.88	100	.59	.41	43.9	NE	.00	.0	.....	fiscal	12-83	NC	NC	NC	NC	NC	NC	2.4	- 4.0	(.9)	NE	(.54)	NE
Frisch's ..... A	19.88	.88	4.6	20.00	19.00	20.00	12.00	97	.22	.19	15.8	17.1	.22	1.1		6 mos.	11-84	30.1	9.5	1.2	20.0	.28	33.3	70.6	8.3	2.9	7.4	.66	8.2
Fuddruckers Inc ..... M	11.63	- 1.00	- 7.9	12.25	11.50	16.25	8.50	1,977	3.04	2.98	2.0	NM	.00	.0	.....	9 mos.	09-84	7.2	188.0	.6	500.0	.09	350.0	16.9	125.3	.0	- 100.0	.00	- 100.0
Garcias Scot ..... M	2.81	- .44	- 13.5	3.31	2.81	6.75	1.63	1,935	3.23	3.07	5.2	NE	.00	.0	.....	9 mos.	09-84	12.3	39.8	(.5)	NE	(.08)	NE	42.0	51.6	(.5)	NE	(.08)	NE
Good Taco ..... M	.44	- .06	- 12.5	0.50	0.31	5.88	.25	665	2.24	2.70	- 17.0	NE	.00	.0	.....	6 mos.	08-84	.4	100.0	(.3)	NE	(.11)	NE	.8	166.7	(.6)	NE	(.24)	NE
Hamburg Hamlet ..... O	13.75	.00	.0	14.75	13.75	13.75	9.75	1	.01	.17	- 94.1	11.9	.00	.0	.....	fiscal	03-84	9.3	2.2	.2	NE	.30	NE	35.5	4.4	.8	NE	1.16	NE
Hungry Tiger ..... M	5.00	- .88	- 14.9	5.50	4.88	8.50	3.63	937	3.25	1.54	111.0	26.3	.00	.0		3 mos.	11-84	14.4	- 4.6	(.1)	NE	(.04)	NE	14.4	- 4.6	(.1)	NE	(.04)	NE
Intl Dairy Queen ..... O	45.50	3.00	7.1	47.00	43.00	45.50	32.50	48	.24	.16	50.0	12.7	.00	.0	NEW	fiscal	11-84	25.8	14.7	1.0	.0	.55	41.0	132.3	17.2	7.7	6.9	3.58	21.8
Intl King Tab ..... M	19.50	.00	.0	20.25	19.50	20.25	11.38	1,690	5.93	2.72	118.0	14.7	.00a	.0		3 mos.	09-84	19.2	6.7	1.1	37.5	.36	20.0	19.2	6.7	1.1	37.5	.36	20.0
JB's Rest ..... M	17.13	.13	.7	17.13	16.75	17.13	10.38	861	3.71	1.89	96.3	13.8	.20	1.2	NEW	3 mos.	12-84	18.7	41.7	.6	.0	.26	8.3	18.7	41.7	.6	.0	.26	8.3
Jerrico Inc ..... M	18.25	.50	2.8	18.88	17.50	18.75	11.88	10,390	6.58	3.23	103.7	13.3	.12	.7	NEW	6 mos.	12-84	123.4	9.4	4.1	32.3	.27	35.0	255.3	8.5	10.4	15.6	.66	15.8
Kapok Cp ..... A	2.63	.38	16.7	2.88	2.25	5.13	1.13	135	.60	2.03	- 70.4	NE	.00	.0	.....	fiscal	09-83	3.1	72.2	(4.6)	NE	(.33)	NE	12.3	7.9	(2.7)	NE	(1.29)	NE
Karcher Carl ..... M	18.00	1.75	10.8	19.00	16.25	29.63	13.50	8,495	12.04	3.03	297.4	11.1	.00	.0	.....	6 mos.	07-84	80.7	17.1	3.3	- 2.9	.50	8.7	178.8	19.5	6.9	3.0	.98	7.7
Kelly-Johnston ..... M	1.13	- .25	- 18.2	1.31	1.00	12.00	.75	4,048	4.75	7.31	- 35.0	NE	.00	.0	.....	3 mos.	06-84	28.3	155.0	(3.7)	- 100.0	(.44)	- 100.0	28.3	155.0	(3.7)	- 100.0	(.44)	- 100.0
Luby's Cafe ..... N	31.50	1.75	5.9	32.00	29.50	32.00	23.63	341	.28	.56	- 50.0	22.0	.54	1.7		fiscal	08-84	48.7	23.6	5.0	28.2	.41	86.4	174.9	21.4	17.4	25.2	1.43	8.3
Marcus Corp ..... M	15.75	.63	4.1	15.75	15.25	15.75	11.38	273	.54	.31	74.2	10.7	.28	1.8	NEW	6 mos.	11-84	30.2	4.5	2.0	.0	.39	5.4	63.7	3.6	4.8	2.1	.94	3.3
Marriott Corp ..... N	81.75	.75	.9	83.50	80.50	83.50	56.50	2,192	.85	.66	28.8	18.1	.54	.7	.....	9 mos.	09-84	834.2	11.7	35.6	- 2.7	1.33	.8	2402.7	15.1	92.6	10.0	3.41	12.2
Maverick Rest ..... O	2.63	- .38	- 12.5	2.88	2.50	6.25	2.25	349	.70	.69	1.4	15.4	.00	.0	.....	9 mos.	10-84	3.0	87.5	.1	- 50.0	.03	.0	8.3	76.6	.6	50.0	.13	44.4
Max Erma's ..... O	2.75	.25	10.0	3.00	2.50	6.88	2.50	62	.36	.72	- 50.0	NE	.00	.0	.....	fiscal	10-83	NC	NC	NC	NC	NC	NC	15.9	28.2	(.3)	- 100.0	(.26)	- 100.0
McDonald's Cp ..... N	57.50	- .63	- 1.1	59.25	56.25	59.25	40.84	11,563	1.33	1.06	25.5	13.4	.82	1.4	NEW	9 mos.	09-84	784.8	- 4.1	114.3	13.6	1.30	16.1	2395.1	7.6	297.9	13.4	3.37	15.4
Morrison Inc ..... M	17.88	.13	.7	18.13	17.50	18.38	13.13	2,526	1.84	1.26	46.0	11.5	.48	2.7	.....	6 mos.	11-84	120.2	7.1	5.3	6.0	.39	8.3	238.1	6.4	10.2	8.5	.75	11.9
Mr Steak ..... O	2.50	.13	5.3	2.63	2.38	3.25	1.13	357	.74	1.15	- 35.7	NE	.00	.0		fiscal	09-84	16.6	5.1	(1.4)	NE	(.30)	NE	66.4	5.1	(1.9)	NE	(.41)	NE
Nankin Express ..... O	1.75	.13	7.7	2.00	1.63	2.75	1.00	315	1.41	1.20	17.5	NE	.00	.0	.....	9 mos.	10-84	.3	50.0	(.3)	NC	(.10)	NE	.7	40.0	(.6)	NE	(.25)	NE
Nathans ..... O	3.63	- .25	- 6.5	4.00	3.63	4.50	1.78	270	1.21	1.71	- 29.2	12.5	.00a	.0	.....	6 mos.	09-84	6.1	1.7	.4	.0	.18	20.0	12.2	7.0	.8	33.3	.36	38.5
Natl Pizza ..... O	8.00	.00	.0	8.50	8.00	9.75	7.50	91	.17	.21	- 19.0	10.5	.00	.0	.....	6 mos.	09-84	10.4	8.3	.9	- 18.2	.19	- 17.4	20.5	10.8	2.0	- 9.1	.41	- 6.8
Naugles Inc ..... M	6.38	- .13	- 1.9	7.00	6.00	15.25	4.88	5,277	11.36	4.10	177.1	NE	.00	.0	.....	3 mos.	09-84	38.3	11.0	.4	- 66.7	.10	- 60.0	38.3	11.0	.4	- 66.7	.10	- 60.0
1 Potato 2 ..... O	2.88	.13	4.5	3.00	2.88	12.25	1.88	995	4.54	1.81	150.8	57.5	.00	.0	.....	6 mos.	08-84	3.3	NC	(.6)	NC	(.25)	NC	7.1	NC	(1.0)	NC	(.44)	NC

Reporting Period

3 mos. - First quarter of fiscal year
6 mos. - First six months of fiscal year
9 mos. - First nine months of fiscal year
fiscal - Fiscal year
NEW - New report since last issue

General Field Footnotes

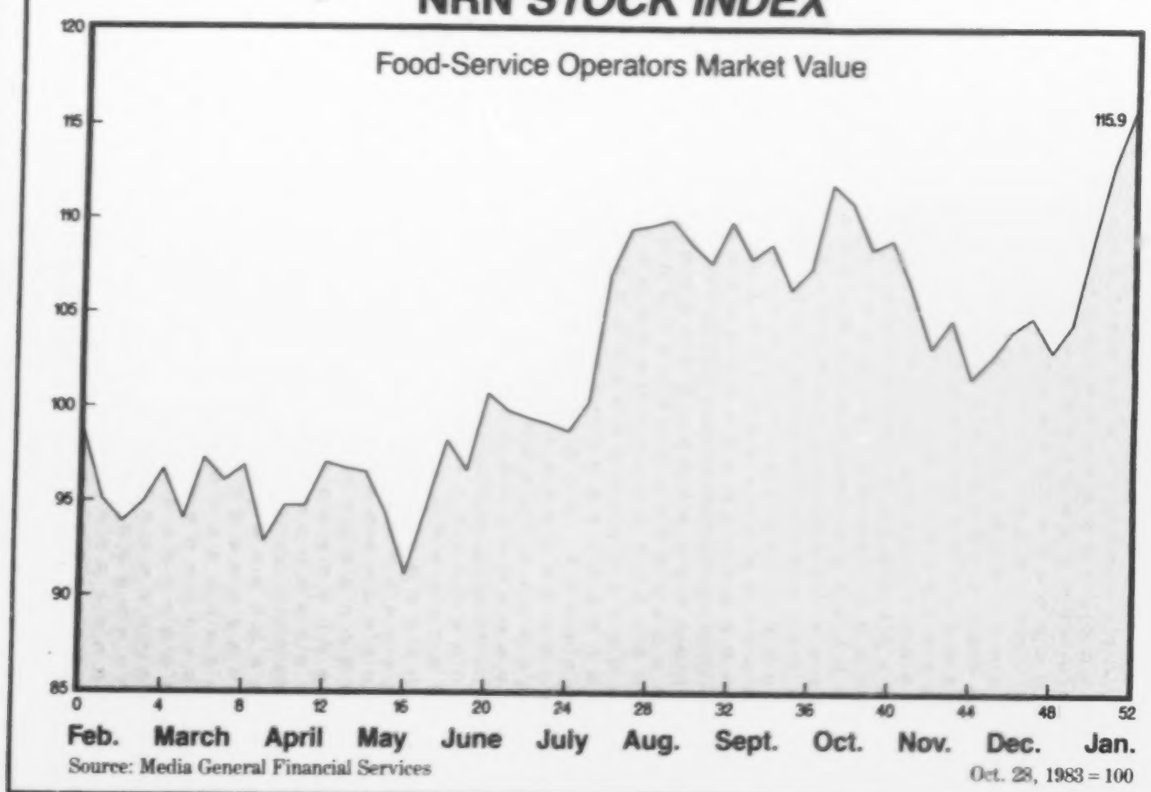
NA - Not available or not applicable.
NC - Data required for calculation currently incomplete in our files.
NE - Negative earnings invalidate calculations.
NM - No meaningful figure.
a - Under dividend amount, an 'a' indicates a stock dividend.
b - Indicates cash plus stock dividend when applied to dividend amount column.

Market

N - New York Stock Exchange
A - American Stock Exchange
O - NASDAQ Over-the-Counter
M - NASDAQ National Market

Data and Table Provided by Media General Financial Services, Inc., Richmond, Virginia 23219

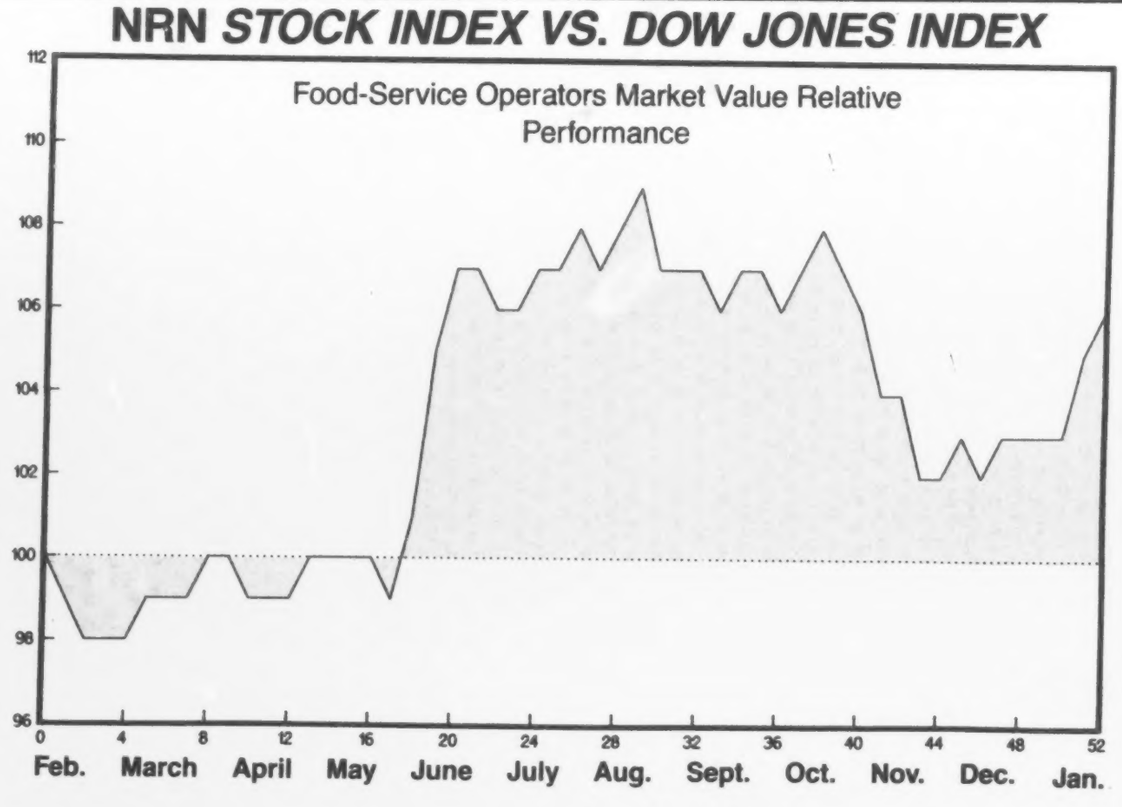
NRN *STOCK INDEX*



Source: Media General Financial Services

Oct. 28, 1983 = 100

NRN *STOCK INDEX VS. DOW JONES INDEX*



Stock Market / Financial Update

Company and Market	2-01-85 Close	Weekly Change Amt.	Weekly Change Pct.	Weekly Range High	Weekly Range Low	52-Week Range High	52-Week Range Low	Volume Weekly Shares Traded Total	Volume Weekly Shares Traded % Out	Volume 12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt.	Latest Quarter Revenue Chg.	Latest Quarter Net Income Amt.	Latest Quarter Net Income Chg.	Latest Quarter E.P.S. Amt.	Latest Quarter E.P.S. Chg.	Year-to-Date Revenue Amt.	Year-to-Date Revenue Chg.	Year-to-Date Net Income Amt.	Year-to-Date Net Income Chg.	Year-to-Date E.P.S. Amt.	Year-to-Date E.P.S. Chg.
	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Old Fashion Fd ..... O	4.75	.00	.0	5.50	4.75	7.00	4.00	80	.57	.48	18.8	9.3	.00	.0	.....	6 mos.	11-84	3.5	34.6	.1	- 50.0	.11	- 26.7	6.8	36.0	.3	- 25.0	.24	- 20.0
Pancho Mex Buffet ..... M	7.50	- .25	- 3.2	7.88	7.50	8.25	5.88	229	.81	.92	- 12.0	13.6	.13	1.7	.....	fiscal	09-84	8.8	22.2	.5	.0	.19	11.8	31.6	25.9	1.5	25.0	.55	27.9
Peoples Rest ..... M	.38	- .06	- 14.3	0.50	0.31	5.63	.25	26,104	30.40	6.46	370.6	NE	.00	.0	.....	fiscal	06-84	NC	NC	(27.6)	- 100.0	(3.30)	- 100.0	30.6	12.1	(29.6)	- 100.0	(3.54)	- 100.0
Piccadilly Caf ..... M	23.00	.75	3.4	23.38	22.00	24.25	15.00	972	1.61	1.06	51.9	13.3	.60	2.6	NEW	6 mos.	12-84	48.4	8.3	3.0	30.4	.50	28.2	94.8	10.9	5.7	54.1	.95	53.2
Pizza Inn ..... A	9.00	- .50	- 5.3	9.50	8.63	12.75	6.88	243	.80	1.15	- 30.4	8.7	.08	.9	.....	9 mos.	09-84	48.6	24.6	.6	- 33.3	.20	- 33.3	135.6	21.7	2.5	- 13.8	.81	- 12.9
Po-Folks ..... M	12.13	.38	3.2	12.38	11.63	16.63	8.75	424	.96	.88	9.1	16.2	.00	.0	.....	fiscal	09-84	31.3	46.9	1.0	150.0	.23	109.1	107.1	53.4	3.3	153.8	.75	102.7
Ponderosa Sys ..... N	13.25	- 1.00	- 7.0	14.88	13.00	22.88	11.50	2,461	2.57	3.67	- 30.0	7.7	.40	3.0	.....	9 mos.	11-84	122.8	33.8	2.3	109.1	.22	69.2	366.8	32.0	11.5	32.2	1.28	18.5
Primo Inc ..... O	3.50	.63	21.7	3.63	3.25	7.00	2.38	625	1.85	1.37	35.0	NE	.00	.0		fiscal	09-84	.9	.0	(.2)	- 100.0	(.07)	- 100.0	3.8	46.2	(.2)	- 100.0	(.08)	- 100.0
Rax Restaurants ..... M	8.75	.50	6.1	8.75	8.00	17.75	8.00	1,467	2.32	1.58	46.8	12.9	.00	.0	.....	fiscal	07-84	26.9	18.5	1.7	30.8	.27	3.8	92.9	27.4	4.2	61.5	.68	19.3
Rest Assoc ..... A	6.63	.63	10.4	7.00	5.88	8.88	5.38	329	1.18	1.51	- 21.9	9.3	.00	.0	.....	9 mos.	09-84	35.0	- 4.1	.4	- 33.3	.14	- 39.1	97.8	- 7.3	1.0	- 23.1	.35	- 30.0
Restaurant Sys ..... M	13.75	.75	5.8	14.25	13.00	14.25	9.00	248	1.07	.81	32.1	16.2	.00	.0	.....	9 mos.	09-84	8.6	17.8	.6	50.0	.25	25.0	27.9	26.2	1.6	60.0	.68	23.6
Ritzys G D ..... M	3.00	.50	20.0	3.50	2.50	9.00	1.75	1,728	3.33	1.59	109.4	NE	.00	.0	.....	9 mos.	09-84	4.4	83.3	(.5)	NE	(.11)	NE	10.6	103.8	(1.6)	NE	(.31)	NE
Rusty Pelican ..... M	12.88	.13	1.0	12.88	12.63	18.25	11.00	299	1.08	2.93	- 63.1	15.0	.00	.0	NEW	3 mos.	10-84	10.6	37.7	.3	50.0	.14	7.7	10.6	37.7	.3	50.0	.14	7.7
Ryans Fam Steak ..... M	25.13	1.88	8.1	26.00	23.00	25.88	15.50	1,608	3.73	2.50	49.2	32.6	.00	.0	NEW	fiscal	12-84	9.3	66.1	1.0	42.9	.24	50.0	32.0	66.7	3.3	57.1	.77	48.1
Saga Corp ..... N	33.00	1.00	3.1	34.25	31.75	35.50	25.00	3,659	2.80	1.36	105.9	12.9	.44	1.3	NEW	6 mos.	12-84	331.1	8.6	13.7	13.2	1.03	8.4	602.7	11.3	19.4	18.3	1.45	11.5
Sandwich Chef ..... M	8.25	.00	.0	8.50	8.25	11.75	6.75	57	.44	.72	- 38.9	14.2	.00	.0	.....	3 mos.	09-84	6.9	13.1	.2	.0	.16	23.1	6.9	13.1	.2	.0	.16	23.1
Sea Galley ..... M	7.38	- .36	- 4.8	7.75	7.25	11.00	6.50	2,036	5.18	3.21	61.4	5.2	.00	.0	.....	9 mos.	09-84	15.7	- 14.2	3.0	900.0	.76	1420.0	48.3	- 11.9	5.3	657.1	1.35	694.1
Shoney's Inc ..... M	27.00	- .25	- .9	27.50	26.25	27.75	15.00	8,596	3.11	.92	238.0	26.0	.15	.6	.....	9 mos.	07-84	117.8	24.9	8.2	26.2	.30	30.4	360.0	22.4	21.9	28.1	.80	25.0
Shoney's South ..... M	15.75	.38	5.9	15.75	14.88	16.59	11.00	1,664	2.97	.77	285.7	13.3	.00	.0	.....	9 mos.	09-84	40.1	14.2	1.8	12.5	.32	18.5	127.3	17.2	5.8	48.7	1.00	23.5
SIS Cp ..... M	4.75	- .50	- 9.5	5.25	4.50	8.75	3.25	146	.94	1.01	- 6.9	33.9	.00	.0	.....	fiscal	12-83	1.5	114.3	.0	NC	.01	.0	4.5	87.5	.2	NC	.14	1300.0
Sizzler Rest Intl ..... M	19.00	1.25	7.0	19.50	18.00	19.25	8.75	923	1.36	.56	142.9	15.2	.00	.0	.....	3 mos.	07-84	40.0	11.7	2.5	25.0	.37	27.6	40.0	11.7	2.5	25.0	.37	27.6
Skippers ..... M	11.88	.13	1.1	12.13	11.50	12.13	8.00	550	2.02	1.35	49.6	14.5	.06	.5	.....	9 mos.	09-84	14.5	25.0	.5	25.0	.18	20.0	42.3	25.1	1.6	14.3	.60	1.7
So Hospitality ..... M	4.63	.25	5.7	4.63	4.25	5.00	3.75	1,585	3.31	1.55	113.5	13.2	.00	.0		6 mos.	11-84	10.3	18.4	.4	33.3	.08	14.3	21.0	25.7	.8	33.3	.16	14.3
Taco Viva ..... M	9.50	.50	5.6	9.50	9.00	9.50	7.00	353	1.54	.87	77.0	20.7	.00	.0	.....	6 mos.	11-84	5.6	55.6	.3	200.0	.12	50.0	12.2	74.3	.6	100.0	.26	30.0
TGI Friday's ..... N	10.50	- .75	- 6.7	11.50	10.38	13.13	7.88	893	.78	1.13	- 31.0	17.8	.00	.0	.....	9 mos.	09-84	72.9	15.2	2.2	- 37.1	.13	- 40.9	209.4	20.0	8.7	.0	.48	- 11.1
TGIF Texas ..... O	2.25	.00	.0	2.75	2.25	5.50	2.25	15	.10	.28	- 64.3	NE	.00	.0	.....	3 mos.	03-84	2.6	18.2	(.1)	NC	(.07)	- 100.0	2.6	18.2	(.1)	NC	(.07)	- 100.0
Transworld ..... N	33.00	.50	1.5	34.25	32.50	34.25	23.63	6,177	1.89	2.17	- 12.9	10.5	.40	1.2		fiscal	12-84	522.9	3.0	29.5	95.4	.75	- 83.9	2002.0	6.0	115.0	91.0	3.14	141.5
USACafes ..... M	3.88	.13	3.3	3.88	3.63	5.00	2.75	536	1.05	.40	162.5	NA	.00	.0	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Vicorp Restaurants ..... M	18.50	- .88	- 4.5	19.00	18.13	20.75	13.25	955	1.44	2.85	- 49.5	14.0	.12	.6	.....	fiscal	10-84	87.2	143.6	2.9	52.6	.45	40.6	242.3	158.3	8.7	81.3	1.32	55.3
Victoria Stations ..... M	3.75	.75	25.0	3.75	2.75	8.00	2.13	3,178	8.98	4.86	84.0	NE	.00	.0	.....	6 mos.	09-84	22.2	- 3.5	(1.7)	NE	(.47)	NE	45.9	- 3.6	(2.5)	NE	(.70)	NE
Wendys Intl ..... N	18.88	.13	.7	18.88	18.00	20.50	13.13	10,447	1.92	1.64	17.1	15.7	.28	1.5	.....	9 mos.	09-84	249.0	31.1	18.8	16.8	.34	13.3	694.9	34.1	51.1	26.5	.93	25.7
Wstn Steer ..... O	9.50	- .50	- 5.0	11.00	9.50	12.00	9.00	69	.57	.49	16.3	16.7	.20	2.1	.....	9 mos.	11-84	11.2	24.4	.1	- 80.0	.05	- 87.5	31.0	25.5	.5	- 44.4	.38	- 54.2
Winners Cp ..... N	6.38	- .38	- 5.6	7.00	6.38	13.38	5.13	314	.72	2.28	- 68.4	13.0	.00	.0	.....	9 mos.	09-84	27.3	14.2	.2	- 75.0	.05	- 72.2	79.7	26.5	1.3	- 35.0	.30	- 31.8
Hotels, Motels, and Casinos																													
Brock Hotel Cp ..... N	3.50	.13	3.7	3.75	3.25	6.75	2.63	2,290	1.74	1.37	27.0	NE	.10	2.9	.....	9 mos.	09-84	60.0	- 26.7	(25.6)	NE	(1.95)	NE	211.0	- 10.6	(29.4)	NE	(2.00)	NE
Hilton Hotels ..... N	58.63	1.00	1.7	58.88	56.88	58.88	45.50	1,143	.44	.87	- 49.4	23.5	1.80	3.1	.....	9 mos.	09-84	205.4	24.4	24.3	- 45.8	.93	- 44.3	504.9	3.1	68.0	- 22.3	2.56	- 21.5
Holiday Inns ..... N	48.75	1.00	2.1	49.00	47.50	49.00	35.25	46,218	12.91	4.00	222.8	14.3	.90	1.8	.....	9 mos.	09-84	473.9	6.2	49.7	4.2	1.37	9.6	1328.9	11.5	110.4	1.3	3.00	4.9
Prime Mtr Inn ..... N	30.75	1.38	4.7	31.38	28.13	31.38	16.00	3,113	2.15	1.09	97.2	25.6	.12	.4	.....	fiscal	06-84	22.1	29.2	4.6	27.8	.32	18.5	72.5	45.0	17.3	36.2	1.20	21.2
Ramada Inns ..... N	7.38	.63	9.3	7.88	6.75	8.75	5.13	18,368	4.94	2.18	126.6	24.6	.00	.0	.....	9 mos.	09-84	156.3	- 3.5	6.0	- 65.5	.16	- 67.3	448.0	2.3	6.8	74.4	.18	1700.0
Servico Inc ..... M	18.00	.63	3.6	18.00	16.50	22.28	12.28	103	.30	.59	- 49.2	8.5	.00a	.0		9 mos.	09-84	48.9	24.7	3.4	385.7	.99	395.0	139.1	24.8	6.2	138.5	1.80	136.8
Sonesta Intl ..... O	21.00	.00	.0	23.00	21.00	21.00	17.50	11	.07	.07	.0	NE	.40	1.9		9 mos.	09-84	22.6	17.1	(.6)	- 100.0	(.38)	- 100.0	62.1	11.9	(.6)	- 100.0	(.41)	- 100.0
Other Companies with Food-Service Operations																													
Allegheny Bev ..... M	20.25	1.25	6.6	20.25	18.88	20.25	13.50	3,508	5.85	1.63	258.9	13.3	.40	2.0	.....	9 mos.	09-84	167.3	27.2	2.4	- 11.1	.38	- 9.5	486.1	23.2	7.1	- 12.3	1.10	- 12.0
Ch Full O Nut ..... N	8.75	- .38	- 4.1	9.38	8.75	14.56	7.63	360	.78	.85	- 8.2	NE	.48	5.5	.....	3 mos.	10-84	26.5	- 10.2	.1	- 87.5	.03	- 81.3	26.5	- 10.2	.1	- 87.5	.03	- 81.3
Disney, Walt ..... N	73.50	4.00	5.8	75.13	69.38	75.13	45.25	10,912	3.24	2.41	34.4	60.2	1.20	1.6	.....	3 mos.	12-84	426.5	37.3	32.2	257.8	.95	179.4	426.5	37.3	32.2	257.8	.95	179.4
Esteban Foods ..... O	2.00	.13	6.7	2.25	2.00	3.75	1.13	303	1.29	.92	40.2	NM	.00	.0	.....	9 mos.	09-84	3.5	34.6	.0	NC	.02	.0	9.8	25.6	(.1)	- 100.0	(.02)	- 100.0
Gen Mills ..... N	55.50	7.13	14.7	55.63	48.63	60.00	41.63	36,322	8.04	1.74	362.1	13.3	2.24	4.0	.....	6 mos.	11-84	1559.4	2.6	55.6	- 31.9	1.23	- 28.1	2945.8	1.7	109.7	- 28.9	2.43	- 24.8
Grace W R ..... N	41.63	- 1.13	- 2.6	42.75	41.38	44.50	36.50	2,666	.55	.85	- 35.3	10.4	2.80	6.7	.....	9 mos.	09-84	1658.3	10.1	33.1	17.8	.68	19.3	4897.0	9.7	136.5	34.2	2.80	35.3
Horn & Hardart ..... A	10.75	- .88	- 7.5	12.00	10.50	21.19	8.63	3,371	2.72	1.82	49.5	12.5	.00a	.0	.....	9 mos.	09-84	85.8	6.6	.5	- 87.8	.00	- 100.0	265.9	11.1	6.6	- 27.5	.49	- 31.9
Ogden Corp ..... N	29.75	1.00	3.5	31.75	28.75	31.75	24.13	2,448	1.29	.76	69.7	13.5	1.80b	6.1	.....	9 mos.	09-84	512.8	23.7	8.2	- 44.6	.46	- 38.7	1612.4	28.5	31.4	- 23.0	1.63	- 21.3
PepsiCo Inc ..... N	42.75	- 1.00	- 2.3	44.13	42.00	45.75	34.50	19,318	2.06	1.20	71.7	12.5	1.68	3.9	.....	9 mos.	09-84	1934.3	8.0	108.6	14.2	1.14	14.0	5425.9	13.3	247.6	19.7	2.61	19.2
Pillsbury Co ..... N	42.38	2.88	7.3	43.25	39.25	45.75	33.00	6,839	1.58	.96	64.6	10.6	1.56	3.7	.....	3 mos.	08-84	1023.5	10.1	38.9	11.8	.90	12.5	1023.5	10.1	38.9	11.8	.90	12.5
Vie de France ..... M	13.13	.75	6.1	13.50	12.25	15.25	10.50	1,097	1.01	.75	34.7	21.5	.23	1.8	NEW	6 mos.	12-84	15.5	26.0	1.6	33.3	.14	16.7	29.7	22.7	3.0	25.0	.27	12.5

Reporting Period

3 mos. - First quarter of fiscal year
6 mos. - First six months of fiscal year
9 mos. - First nine months of fiscal year
fiscal - Fiscal year
NEW - New report since last issue

General Field Footnotes

NA - Not available or not applicable.
NC - Data required for calculation currently incomplete in our files.
NE - Negative earnings invalidate calculations.
NM - No meaningful figure.
a - Under dividend amount, an 'a' indicates a stock dividend.
b - Indicates cash plus stock dividend when applied to dividend amount column.

Market

N - New York Stock Exchange
A - American Stock Exchange
O - NASDAQ Over-the-Counter
M - NASDAQ National Market

Data and Table Provided by Media General Financial Services, Inc., Richmond, Virginia 23219

SPOTLIGHT ON FINANCE

'Gourmet' burger concept leads to broiling debate

By Rick Telberg
Financial Editor

Few topics have so sharply divided opinion in the restaurant industry as the so-called gourmet hamburger concept. These heavy-hamburger operations have shot to prominence by catering to a baby-boom generation seeking more than just fast food.

"The segment has developed so fast and the shakeout seems so imminent that people feel compelled to take sides in support of one company or another on the theory that there isn't room for all of them to prosper," said one securities analyst who didn't want to be named psychoanalyzing his cohorts.

Chili's, Flakey Jake's and Fuddruckers have attracted the most attention as the only three stock market plays in a segment so loosely defined it obscures the fact Chili's is a full-service operation earning 20% of its sales from the bar and Fuddrucker's is a spartan, self-service format.

But much of the segment's fire has been fanned by companies who are tinkering with the concept, sometimes as a sideline.

They include Saga Corp., which owns Spoon's; W. R. Grace & Co.'s T. J. Applebee's, Victoria Station's Bonkers; Beefsteak Charlie's Daly's Dandelion; Pillsbury's J. J. Muggs; Magic Pan's Laredo; Pizza Inns' J. T. McCord's, and Diversifoods' Moxie's.

Two others, Red Robin and Round the Corner, are privately held. And publicly held Hamburger Hamlet, which has been around for 35 years, lacks the luster of high growth potential to attract attention.

The most strongly held views often center on Fuddruckers, which in many ways was the progenitor of the no-frills big burger and which remains its most devout adherent.

San Antonio-based Fuddruckers went public at $7 per share in November 1983 and quickly shot up to $14 in the retail stock-selling market while Wall Street's heavy-hitting braintrusts and money-runners looked on in amazement. Today there are about 50 outlets, but no earnings to speak of supporting its recent $12 stock price.

Sea Galley Stores, a seafood dinnerhouse operator, spun off Flakey Jake's of Kirkland, Wash., as a public company in September 1983 at $2 per share to Sea Galley holders. Today there are about 20 outlets, no earnings and a stock price of about $6. Flakey Jake's has broadened Fuddrucker's original concept to attract children and families.

Dallas-based Chili's went public at $15 per share in January 1984. Today there are about 40 restaurants, and earnings in the latest six months of 41¢ per share while the stock trades at about $24. Chili's, the most elaborate operation of the three, has been described as a scaled-down Bennigan's.

Ben Crabtree at Dain Bosworth in Minneapolis is a Fuddrucker's fan. "Chili's is a burger-based T.G.I. Friday's and it has broader appeal than Fuddrucker's. But it is less unique than Fuddrucker's," Crabtree said.

"Flakey Jake's is a cross between a Fuddrucker's and a Farrell's ice cream parlour," he added, but that also makes it more complex to manage.

"Fuddrucker's serves barebones burgers in a noisy warehouse," Crabtree said. "But there is nothing there but the product. You see the meat being carved and chopped, and you know what you're getting. The consumer image is crystal clear."

"We prefer Chili's," said Margaret Preston at Alex. Brown & Sons in Baltimore.

"For a company its size, the management is unparalleled," Preston said, referring to a team led by Norman Brinker, who founded Steak & Ale and was a chief executive of Burger King and Bennigan's before spiriting much of Bennigan's top management to Chili's.

"You can't help but be impressed by the Flakey Jake's management team and the franchisees it's attracted," said Roger Lipton of Ladenburg Thalmann in New York.

At the top of Flakey Jake's team sits Robert Luckey, once head of Burger King franchisee Chart House, and for a few short and stormy months, Sambo's chief. Frank Carney, Pizza Hut's founder, is a prominent Flakey Jake's licensee.

"For my money," Crabtree said, "I like people at the top who are attuned to financial and operational controls." Marno McDermott, founder of Chi-Chi's Mexican dinnerhouses, is Fuddrucker's chairman and William Baumhauer, an accountant, recently succeeded founder Philip Romano as president.

Aside from the quality of management and attempts to mind-read the American consumer's tastes, each analyst offers hard financial data such as sales trends, development patterns, franchise networks, operating margins and sales-to-investment ratios to bolster their arguments.

But, when pressed, each adds that it is simply too early to tell which company will succeed and which will fail.

"It takes a leap of faith to buy any of these stocks," said Charles Glovsky at Eppler Guerin & Turner in Dallas.

* * *

STOCK-PICKERS' PICKS: James Waggoner, who after years of covering a number of other industries has become the restaurant watcher at Bear Stearns & Co. in New York, offers a first impression: "I've never seen an industry where management was so critical to success, and at the same time was so transient."

Las Vegas strike dampens Hilton's year-end net gain

By Peter Romeo

BEVERLY HILLS, Calif. — With its gaming sales dampened by the prolonged Las Vegas strike, Hilton Hotels reported a net profit for the fiscal year ended Dec. 31 of $114 million, up a scant 1.2% from the previous year.

Revenues remained relatively flat, at $686.6 million, according to the company.

That leveling off came despite a 6.7% increase in hotel operating profit, to $107.8 million. Occupancy rates rose by four percentage points, for a chainwide average of 64%.

Gaming sales, in contrast, rose by only 1.6%, to $69.7 million. Hilton's two Las Vegas properties, which have a combined room total of over 5,400 units, were among the hotel-casinos affected by a long strike in that city.

The damage was offset by a $17.9 million gain from the sale of property and securities, including Hilton's 660,000 shares of Avco Corp. stock.

Avco is involved in real estate development through a subsidiary, Avco Community Developers Inc.

Hilton's 1984 profit also reflected the sale of major properties during the third quarter of 1983, the company said.

Hilton expects to boost its earnings this year through the opening of a new hotel-casino in Atlantic City. A gaming property is also under development in Queensland, Australia.

Hilton is continuing the rollout of its new overseas lodging chain, Conrad International Hotels.

WALL STREET UPDATE

Index up 2.9 to 115.9; winners top losers 2-1

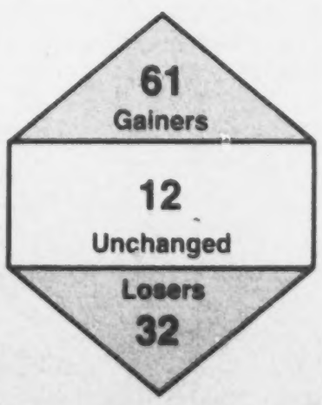
NEW YORK — Powered by a broad market rally which saw winning issues outnumber losing issues for a record 19 straight trading days, the *Nation's Restaurant News* Stock Index jumped 2.9 points to close at a record 115.9 on Friday, Feb. 1.

The 2.9-point climb in the *NRN* 87-issue market-value gauge of food-service operators continued a four-week string of advances, reaching its highest point since creation in October 1983.

Stocks advancing in price outpaced losers on the broader, 105-issue *NRN* listing 2 to 1, with 61 up, 32 down and 12 unchanged.

Seventeen food-service issues hit yearlong highs and 4 sunk to lows.

Meanwhile the Dow Jones Industrials Average closed at 1277.72, up 1.66 points. Analysts said February might mark a period of consolidation for the market as Congress be-



(See INDEX, page 72)

Transworld net rises 91% after tax cut

NEW YORK — Transworld Corp. parlayed a 5% year-to-year rise in revenue into a 91% climb in net profit by dramatically slashing its tax rate for fiscal 1984.

The combination of $116 million in tax credits from the divestiture of Transworld Airlines during the year and $136 million in net operating loss carryforwards chopped Transworld's tax rate by more than half, from about 48% to 22%, according to spokesman Coleman Sullivan. The company paid $27 million to the airline for the tax credits, which were set to expire at year's end.

Net profit for the year—the first annual reporting period following the TWA spinoff—was $115 million, on revenue of $2 billion.

Food service was the company's biggest gainer for the year. Contract feeder Canteen Corp. posted a 24.1% rise in pretax profit to $34.3 million. Spartan's profit grew 20%, to $58.4 million.

Hilton International's profit rose 16.6%, to $50.3 million.

Hilton is set to open a major property at the Marina area in Atlantic City in May, and another in Queensland, Australia on the Gold Coast around June.

Transworld also owns Century 21.

Jerrico's quarterly net up 32%

LEXINGTON, Ky. — Jerrico Inc. parlayed a 7% year-to-year revenue gain in the second quarter ended Dec. 31 into a 32% earnings advance as store-level sales gains widened margins, the company said.

The company, which operates 818 of 1,359 Long John Silver Seafood Shoppes and franchises the rest, rang up second-quarter net profit of $4.1 million on revenue of $123.3 million.

So far this fiscal year—a year in which the company has said it expects 20% earnings growth after more than two years of poor comparisons—Jerrico has netted $10.4 million, up 15% from last year's midpoint. Six-month revenue rose 6% to $255.3 million.

Average sales for company-owned Long John's in the second quarter were $113,700, up 7% from last year's second quarter, and marking the fourth quarter in a row of price-adjusted sales gains, the company said.

Store-level pretax earnings grew 21% to $17,300, Jerrico said, a result of reduced couponing and discounting.

Correction

A chart concerning the financial performance of Po Folks Inc. substantially understated the company's net profit and incorrectly indicated the company had reported a net loss in the latest quarter. In fact, over the past five quarters, from the first quarter of fiscal 1984 through the first quarter of fiscal 1985, Po Folks' net profit was as follows: $798,000; $202,000; $1.29 million; $1 million, and $642,000, respectively.

C51505

American Marketplace profile: Downtown Baltimore prospers
—Pages 3, 10-12

Pierre hotel boosts efficiency with new streamlined kitchen
—Focus/F19

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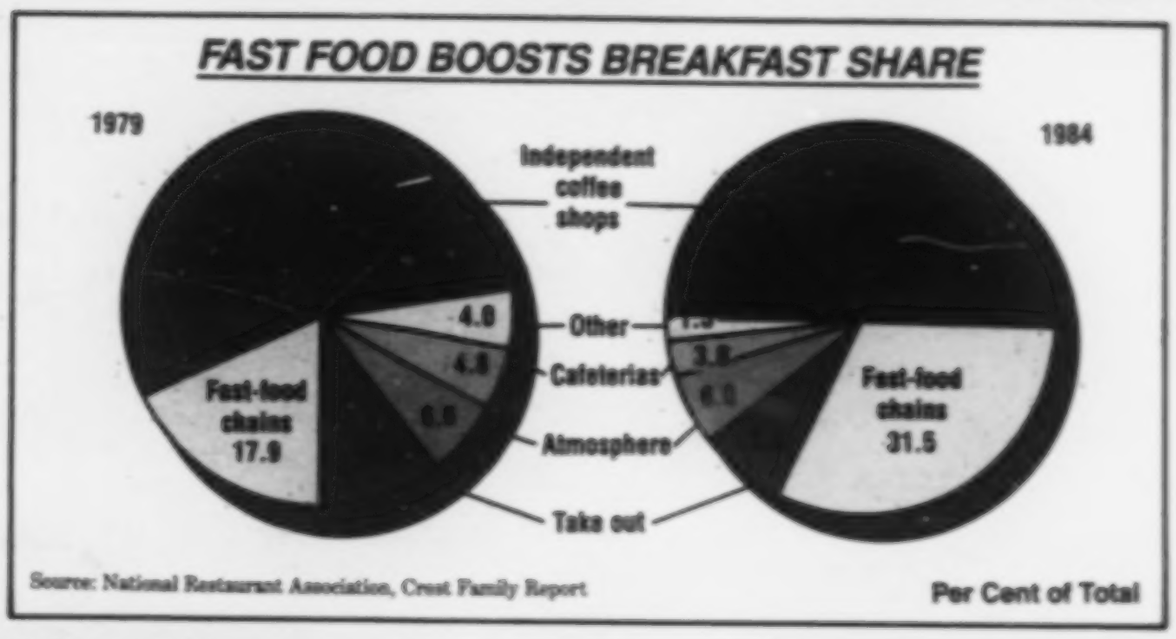
Breakfast market war accelerates

Fast feeders gain on coffee shops



By Rick Telberg
Financial Editor

Evidence is mounting that coffee shops are steadily losing their crucial slice of the breakfast market to an intensifying onslaught from fast-food chains which are teaching Americans to eat one-handed while driving to work. *(Focus coverage of industry-wide breakfast trends, pages F3-F10)*

Despite late-arriving profits, fast-food chains from 1979 through 1984 strengthened their grip on the morning meal market from 17.9% of all restaurant breakfast traffic to 31.5%, according to the latest data available from the National Restaurant Association.

The data suggests that fast food's gains came at the expense of independently owned coffee shops while chain-owned family restaurants barely held their own.

Independent coffee shops watched their share of the breakfast business slip to 14.9% from 20.7% in the latest five years. Chain-owned family restaurants eked out a 0.3 percentage point gain to 35.8% of the market.

*(See **BREAKFAST**, page F3)*

Houston's vies for leadership

By Peter Romeo

ATLANTA — With estimated annual per-unit sales far exceeding $3 million, Houston's is fast emerging as one of the most successful casual theme restaurant chains presently in operation.

The little-known chain was founded 10 years ago by former Steak & Ale executives George Beall and Vic Branstetter. Since that time, their privately held company has purposely kept a low profile, refusing to tout its merits to the press, the public or its industry peers.

Yet the success of Houston's 12 restaurants have made them much-talked-about hot-spots

*(See **HOUSTON'S**, page 107)*

Although Atlantic City is host to 82,000 visitors daily, few leave the casinos.

Independents suffer in Atlantic City boom

By Peter Romeo

ATLANTIC CITY — An alarming number of independent restaurants here have been forced to close since the arrival of casino gambling in 1978.

Independent operators still in business place the blame on stiff competition from casino-hotel restaurants, and the displacement of the family vacationers who were once the mainstay of their businesses.

Ironically, the closings come at a time when Atlantic City has never been busier. The seaside resort hosts an average of 82,000 people every day. Collectively, these customers spend an estimated $3 billion annually.

"But it's no longer a family resort. Now it's a gambling town," said Laura O'Brien, manager of Mama Mott's.

"The casinos bring in 75,000 people a day. We may get 15 of them."

*(See **ATLANTIC CITY**, page 107)*

Big Boy pulls together

Frisch's, J. B.'s returning to Marriott Corp.'s fold

By David Zuckerman

WASHINGTON — Despite the defection of two major franchisees and a series of court battles involving others, Marriott Corp. has made giant strides in molding its scattered 860-unit Big Boy coffee shop network into a unified national chain.

While Nashville-based Shoney' and Wheeling, W. Va.-based Elby's have opted for independence and are no longer affiliated with Marriott, Cincinnati-based Frisch's has dropped its longstanding lawsuit and Salt Lake City-based J.B.'s appears ready to return to the Big Boy fold after suing for its freedom.

At stake is the potential national leadership of the wide-open coffee shop/family restaurant segment currently dominated by Denny's. Adding to the drama are the newly forged rivalries between Big Boy and its former licensees, Shoney's and Elby's.

Interestingly, a year-long analysis of the family restaurant segment conducted by Marriott to form a cohesive marketing strategy has reignited a long-dormant interest in the Big Boy name and its cherubic signature character. Both Shoney's and Elby's—along with some other franchisees—had contended that the

*(See **MARRIOTT**, page 95)*

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Sea scallop supply short

Prices 'astronomical' as catches shrink

By Don Jeffrey

Atlantic sea scallops continue to be in short supply because their grounds have been overworked by fishermen lured by higher prices in recent years.

Effects of this development are being felt in restaurants throughout the nation as well as by the American seafood industry.

"Prices are astronomical," said Jack Elia, manager of the Legal Sea Foods restaurant in Cambridge, Mass. He added, "The supply is definitely not there. At one time I could pick five cases, no problem. Now I have a problem picking up three."

Since 1978, the peak year for scallop landings from Atlantic waters, the catch has declined steadily, and the trend is not expected to reverse this year. Fred Serchuk, a scientist with the National Marine Fisheries Service in Woods Hole, Mass., predicted, "I expect the landings to decline even more."

And even if the catch improves, experts say, American fishermen are not likely to benefit. A decision by the World Court last year on fishing rights in the resource-rich Georges Bank region off the Northeastern United States and Canada may favor Canadian scallopers. Their share of market is expected to increase significantly.

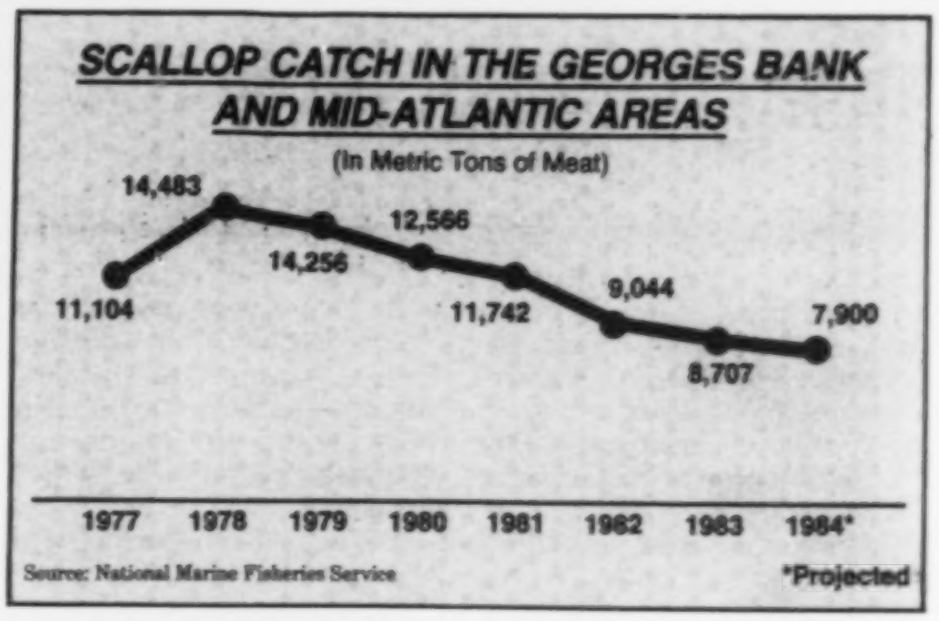
So far the crisis affects only the large sea scallops found in deeper waters such as Georges Bank. The supply of smaller and sweeter bay scallops found in coastal waters—off Cape Cod and Long Island, for example—has not been seriously threatened. Neither has the supply of small, relatively inexpensive calico scallops from Florida.

Many consumers prefer the large sea scallops, however, and to meet this demand, restaurateurs and wholesalers are paying higher prices and are turning toward suppliers from Canada, South America, Iceland and Japan.

Elia said that in less than a year his scallop costs have risen from just under $4 a pound to more than $6 a pound on some days. He charges $11.95 for a ¾-lb. scallop dinner.

On the West Coast prices are even higher. Rob Buckley, co-owner of The Shore Bird restaurant, north of San Francisco, reports paying his Ca-

*(See **SCALLOP**, page 107)*



Theater operator eyes dinnerhouse

Artist's rendering of a typical United Artists Communications multiplex cinema. The company is looking for restaurant tenants for sites adjacent to four of its theaters.

By Mark Schoifet

EAST MEADOW, N.Y. — United Artists Communications Inc. (UACI), the nation's second-largest operator of movie theaters, is actively seeking a casual theme restaurant for four multiplex theater complexes scheduled to be built this year.

The company has been holding discussions with S & A Restaurant Corp., which operates Bennigan's and Steak & Ale, T.G.I. Friday's, Gilbert/Robinson (Houlihan's, etc.) and other chains in an effort to secure restaurant tenants for proposed multiplex sites in Patchogue, N.Y., and Lauderhill, Boynton Beach and Pinellas Park, Fla.

Although several of UACI's 1,063 movie screens are located in the restaurant wings of shopping malls, this is the first time the company is considering leasing space to a restaurant at any of its freestanding multiplex sites.

"We think it would be a good marriage," said Jerry DiGennaro, manager of the UACI project.

DiGennaro said the average

*(See **THEATER**, page 95)*

Melman shutters 10-year-old Jonathan's Seafood

Plans to open carryout-delivery unit for Gino's East

NRN *Midwest Bureau*

CHICAGO — Richard Melman has closed the 10-year-old Jonathan's Seafood, one of the first in a series of restaurants that helped establish a national reputation for himself and his $40 million-a-year Lettuce Entertain You Enterprises.

In its place, Melman is opening a carryout-delivery operation for Gino's East, the pizzeria he manages for Collins Foods International. There are two Gino's East sitdown units in downtown Chicago and suburban Elk Grove, Ill. Collins plans to expand the concept.

Part of the former Jonathan's site will be used to expand the adjacent Lettuce Entertain You offices and to install a test kitchen for the company's 21 other restaurants, which include the highly acclaimed Ambria, a 1983 winner of *Nation's Restaurant News'* Fine Dining Hall of Fame award.

"We decided that it was imperative for us to enlarge our working area, especially with the tremendous increase we have experienced during the last year and our plans for continued growth," Melman explained.

In addition to operating his own restaurants and managing Gino's East, Melman is developing a 1950's-style diner concept called Ed Debevic's Short Orders Deluxe in conjunction with California-based Collins Foods and Phoenix-based Big 4 Restaurants.

Other Lettuce Entertain You restaurants include Bones, a barbecued ribs and chicken dinnerhouse in Lincolnwood; the fabled Pump Room in the Ambassador Hotel here; Un Grand Cafe, a Parisien-style bistro in Chicago's Lincoln Park area, and Avanzare, a northern Italian restaurant a block east of Chicago's Magnificent Mile.

Melman also plans to open a 250-seat downtown Chicago seafood restaurant called Shaw's Crab House in mid-March. Managing partner Kevin Brown calls Shaw's a "traditional" 1930's seafood house.

Already open for business is the adjoining 85-seat Blue Crab Lounge, which features a raw bar and a limited menu.

Harborplace spurs Baltimore's boom

By Ken Frydman

BALTIMORE — Food-service operators and other retail merchants are benefiting from a renaissance in Maryland's largest city that began four and a half years ago with the opening of Harborplace, the downtown specialty shopping center.

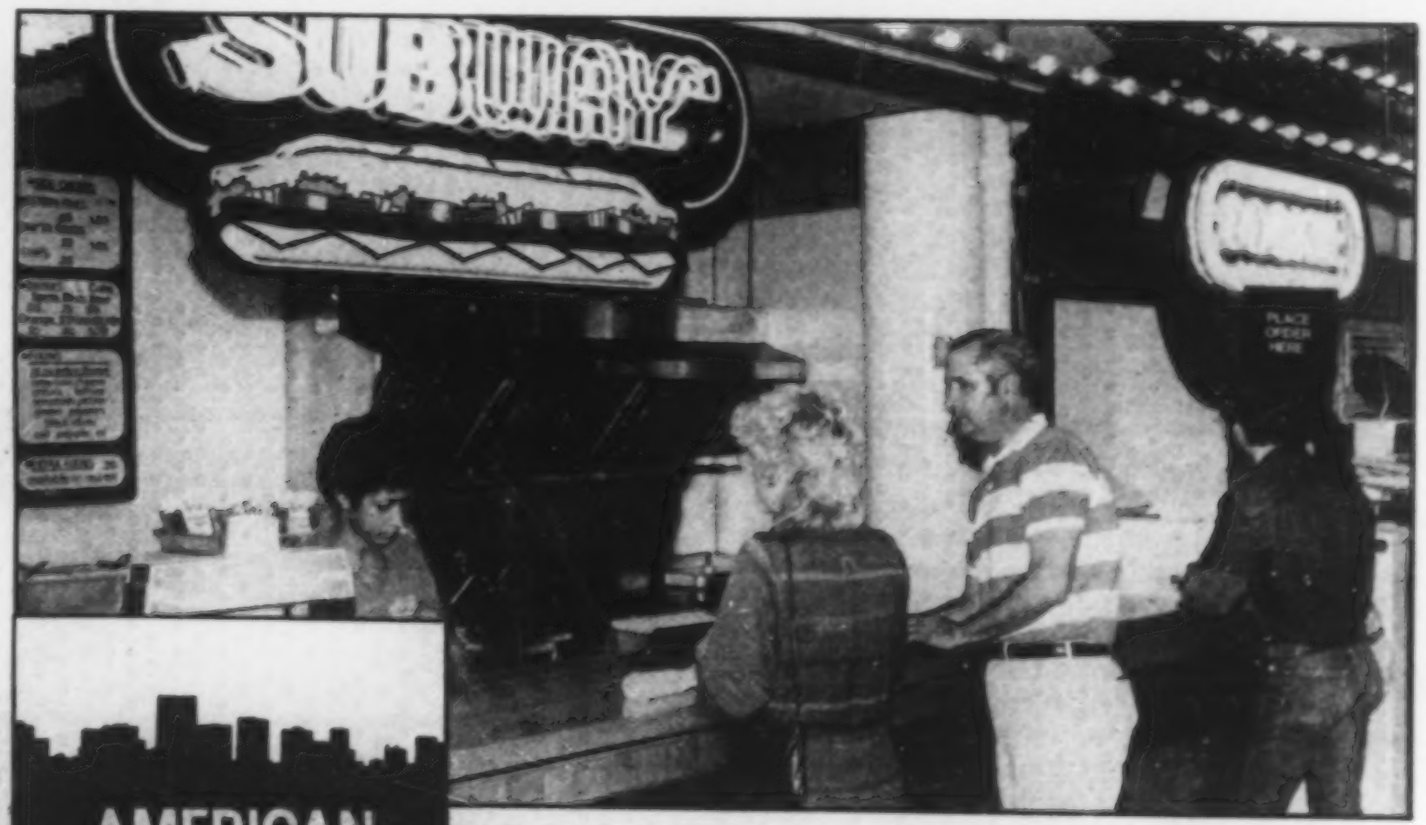
Harborplace touched off a revitalization of Baltimore, the center of a metropolitan area that is home to 2.2 million persons, and is helping the city shed its longstanding image as a poor relation to other East Coast cities such as New York, Washington and Philadelphia.

Pat Bernstein, a spokesman for Mayor William D. Schaefer, called Harborplace "a salvation."

It "turned our city around," she said. "Today it's the hub of critical activity which has contributed to a large number of new jobs."

Harborplace, which features six full-service restaurants, 32 fast-food operations, 28 over-the-counter specialty food stores and a smattering of bars, cafes and walkaway food carts and stalls, occupies 142,000 sq. ft. of retail space along the city's 240-acre Inner Harbor. Food service last year generated about $45 million of Harborplace's $70 million in

*(See **BALTIMORE**, page 10)*



Food-service operations at Harborplace accounted for $45 million of the complex's $70 million in gross sales in 1984 and represented 13% of Baltimore's total food and beverage sales that year.

Catfish is the main catch at Cock of the Walk

Limited menu is no obstacle to profits

By Paul Frumkin

NATCHEZ, Miss. — While many operators will swear that the key to a restaurant's survival is its ability to offer customers a wide range of menu choices, the 16-unit Cock of the Walk is not only surviving but prospering by selling deep-fried catfish and little else.

Characterized by president Brent Bourland as a family-style theme restaurant chain, Cock of the Walk features fried chicken breast and fried shrimp in addition to catfish. However, adds Bourland, "Catfish accounts for 88% of total chain sales."

Perhaps as remarkable is the fact that 13 of the chain's 16 restaurants are open for dinner only—from 5 p.m. to 10 p.m. six days a week. But despite these seeming limitations, Bourland says that average store sales are currently hitting the $800,000 mark, and the company expects to gross $15 million during fiscal 1985.

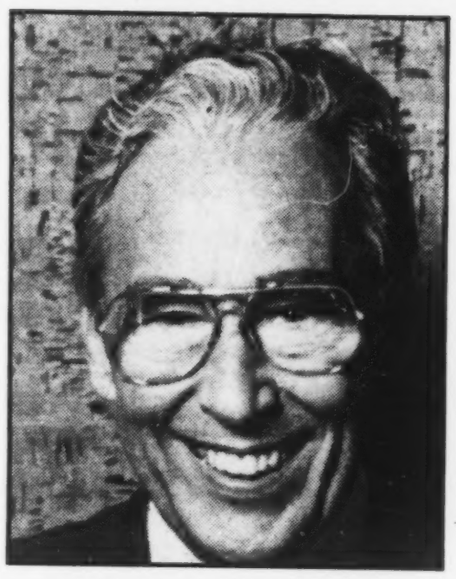
Cock of the Walk's strong showing in the Deep South—where a restaurant serving catfish is hardly a phenomenon—is largely the result of the chain's traditional approach to serving catfish. Two-ounce fillets are coated in a "secret" spicy batter, deep-fried in peanut oil and then served with hush puppies.

The total effect hasn't been lost on the media, either. Mississippi-born restaurant critic Craig Claiborne referred to a Cock of the Walk in Madison, Miss., as "what might be the best catfish restaurant in the state and, therefore, the nation."

In an interview with peripa-

*(See **CATFISH**, page 12)*

Alcohol awareness programs working, says Gallup



Harris Machus

By Ken Rankin
Washington Editor

WASHINGTON — Food-service "alcohol awareness" campaigns spearheaded by the National Restaurant Association and a number of state restaurant organizations are beginning to pay off, according to the results of a new Gallup Poll.

The survey, sponsored by NRA, found that more than half of the alcoholic beverage serving restaurateurs questioned during late December had already implemented alcohol awareness policies or practices in their establishments.

The pollsters contacted nearly 500 food-service operators across the country and found that in restaurants where beer, wine or liquor is served one-third (33%) watch patrons for "behavioral cues signaling intoxication," NRA said.

Another 16% post signs or distribute literature promoting moderate alcohol consumption or the hazards of drunk driving, while 15% "reported that their establishment made it a practice to call a cab if someone was drunk and did not have a ride home."

The survey also found that 13% conduct alcohol awareness staff meetings or continuing education programs for bartenders and servers, 10% encourage eating while drinking, and 4% offer nonalcoholic drinks for drivers and party groups.

Calling the poll results evidence that food service has "taken a giant step forward in its efforts to battle the problems of alcohol abuse and drunk driving," NRA president Harris Machus predicted that restaurant industry efforts to curb overconsumption "will become even more widespread in the future."

NRA's own efforts to foster industry sensitivity to alcohol abuse and drunk driving range from a series of "server education" programs operated in conjunction with state restaurant associations to teach bartenders how to prevent intoxication, to a long-range consumer awareness initiative aimed at educating patrons to the problem.

IFMA honors Rosellini, Goodall, Rusitzky, Armstrong

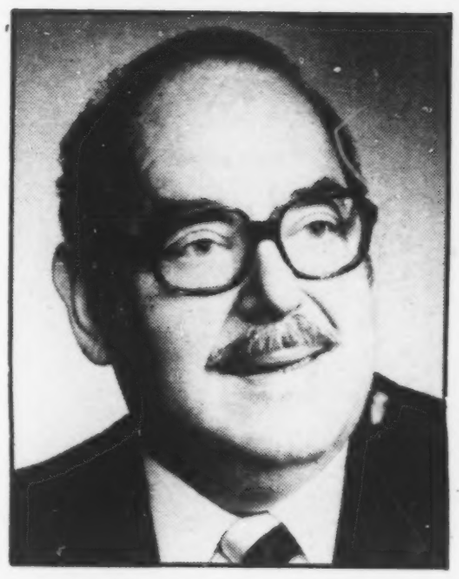
Trade group names eight 1984 Silver Plate winners

CHICAGO — Victor Rosellini, veteran Seattle restaurateur, won the International Foodservice Manufacturers Association's 1985 Silver Plate award as full-service restaurant operator of the year in balloting here earlier this month.

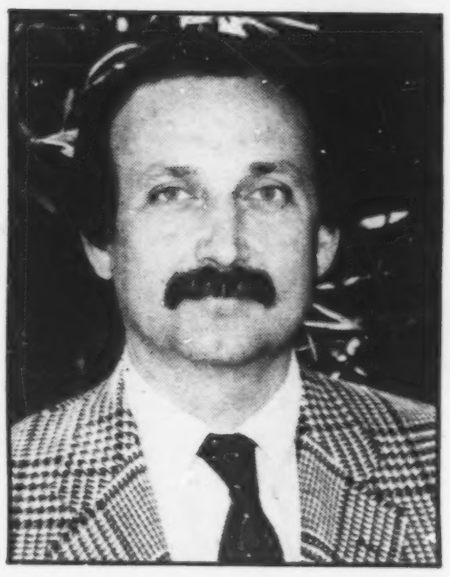
Jack Goodall, president of Foodmaker and long-time driving force of its San Diego-based Jack in the Box, won in the fast-service category. Harris (Bud) Rusitzky, president of Serv-Rite Food Service, Rochester, N.Y., copped honors in the contract/industrial category, and Jim Armstrong, veteran food administration vice president for Walt Disney World and Disneyland, in hotels and resorts.

The other Silver Plate winners were Robert Underwood, food-service director of the Maine Medical Center, hospitals and health care; Elizabeth Bender, food-service supervisor of the Dayton, Ohio, schools; Paul Fairbrook, auxiliary services director of the University of the Pacific, colleges and universities, and Sgt. Antonin Bavuso, Air Force food-service superintendent, Government institutions and military.

The eight 1985 Silver Plate winners were again chosen by vote of leading food-service publication chief editors and of last year's Silver Plate winners. One of the eight 1985 winners was selected by secret ballot as the 1985 Gold Plate food-service operator of the year.



Victor Rosellini



Jack Goodall

COMMODITIES

Disruptions in Brazil's coffee supply brews trouble

By Gary S. Friedman
Commodity Analyst

Disruptions in the internal domestic supply of Brazilian coffee has affected prices in the world markets to such an extent that analysts say they feel price escalations will soon be seen at the retail and wholesale level.

Current world cash prices are $1.37 per pound, against approximately $1.30 the year before. The futures price for March delivery are trading in the low $1.50-per-pound range. The traditional spread between cash and futures has been much narrower than what appears today.

Short term supply problems due to weather related causes last winter have driven the price of coffee in Brazil up to the point where the Brazilian exporters are uncompetitive in the world markets and are doing their best to merely meet their own domestic demand.

Brazil, although still low in reserves and still burdened by international debt, has chosen to satisfy domestic demand first before releasing supplies into international channels. It is interesting to note the degree of importance that a single commodity has, and the sense of well being that a populace like Brazil, with all its problems, places on its unrestricted supply.

Brazil, which supplies approximately 40% of the total world mild coffee market and 29% of the total world coffee market, has undershipped 3.94 million bags of its quota set by the governing International Coffee Organization. A single bag represents 60 kilos of coffee. This undershipment represents 25% of its quota for the first quarter of the coffee year.

Domestic Brazilian prices are actually 2¢ to 3¢ above world prices, forcing exporters out of the bidding for foreign markets. The International Brazilian Coffee Board has been forced to bring down prices in the domestic market to once again allow Brazilian supply to enter international channels.

This has included the auctioning off of 2 million-2.5 million bags of coffee held in reserve solely limited to meet the domestic demand. The auction, which began Feb. 2nd, is slated to auction 100,000 bags per day. This reserve gradually entering the domestic market may limit the amount necessary to be released, and more importantly, buffer any possible tremors created.

Meanwhile the world coffee market has been forced to look elsewhere for supply. Western Africa has been able to meet some of the additional demand, but only in the robusta segment of the coffee market, not the mild coffee supply cut short by the Brazilian situation.

Nicaragua, a supplier within the mild market, has also been beset with difficulties within their production quotas due to the civil unrest.

If the futures prices are any indication of what's to come, expect a price rise.

PRICE MOVEMENT AT A GLANCE

	2/5/85	Year Ago
Broilers, dressed A N.Y. lb.	$0.5374	$0.6525
Butter, AA Chicago lb.	$ 1.42½	$1.41¼
Eggs, lge whte, Chicago dz.	$ 0.56	$1.09
Flour, HRW, KC cwt.	$10.00	$9.70
Pepper, black N.Y. lb.	$ 1.25	$1.04
Pork Bellies, 12-14 lb., mid-US lb.	$ 0.70	$0.58
Potatoes, rnd wht, 50 lb. f.o.b. Maine	$ 2.10	$3.82½
Sugar, cane, raw world, lb. f.o.b.	$0.0373	$0.0667

Source: NRN *Research*

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

FOCUS | NRN

Breakfast buffets a big boost to morning counts

By David Zuckerman

The salad bar is easily converted into the margin boosting breakfast buffet, building morning traffic.

Despite relatively high food and labor costs, breakfast buffets are boosting margins and generating substantial morning daypart traffic particularly on weekends for restaurants in a variety of market segments from fast food to coffee shops to budget steakhouses.

Fast feeders like Marriott's Roy Rogers and Rax, in fact, have restricted the use of breakfast buffets to weekends only, while offering lower ticket, faster service programs during the week. In the coffee shop segment, where patrons traditionally expect more variety and weightier checks, operators like Shoney's and J.B.'s have adopted breakfast buffets to compliment standard off-the-menu breakfast service on a seven-day-a-week basis.

Ponderosa, a breakfast pioneer among lunch- and dinner-oriented budget steakhouse operators, recently installed breakfast buffets represent a point of entry into the lucrative morning daypart.

While operationally taxing and expensive to maintain, the buffets create a festive atmosphere that belies the usual hustle-bustle associated with breakfast. With their all-you-can-eat formats and tantalizing arrays of fresh fruits, made-from-scratch biscuits and muffins as well as other hot and cold offerings, breakfast buffets attract a leisure-oriented customer, who is willing to pay higher prices than he might for standard breakfast fare.

Higher check averages plus the ease of converting on-line salad bars at little expense make breakfast buffets a cost-effective means for operators to set themselves apart from the competition.

"If we had tried to install a standard coffee shop-type breakfast program, it would have taken a great deal of time and been far too costly," said Donald Jackson, executive vice president and chief financial officer of Dayton, Ohio-based Ponderosa. "With the breakfast buffets we've added a whole new meal segment that is already a strong profit contributor."

Now available at 400 of Ponderosa's 436 company stores and about 50% of the chain's franchised units, Jackson said the breakfast buffets account for some 10%-15% of the chain's sales. Rollout of the program required just six months to complete at company-owned restaurants and is expected to pay for itself within one year.

Like several operators now employing breakfast buffets, Ponderosa has taken full advantage of on-premise salad bar equipment to maximize the cost-effectiveness of the program. The company less than one year ago completed chainwide rollout of its 30-ft.-long, 50-item salad bar dubbed "The World's Biggest, Best Salad Buffet."

"In converting the salad bar to a breakfast buffet, virtually no front-of-the-house changes were necessary," Jackson said. "The equipment was already designed with the necessary cold, warm and hot compartments. All we needed was a relatively small investment in back-of-the-house prep equipment and a few more hourly employees. No new management staff has been added."

Priced at $3.19 on weekdays and $3.79 on weekends, when traffic is strongest, Ponderosa's breakfast buffet—like its salad bars—is being marketed as "The World's Biggest, Best." Featured items in the all-you-can-eat format include a broad selection of fresh fruits, doughnuts and coffee cakes, waffles with various toppings, hot biscuits, scrambled eggs (with egg toppers like hot melted cheese), bacon and sausage. Additional items like chicken á la king are added on weekends when hours are extended at some locations until 2 p.m. On a daily basis, Ponderosa's breakfast buffets are open from 7 a.m. to 11 a.m.

"As an entirely incremental business without much fixed cost involved, breakfast produces higher margins than our other meal parts," Jackson said. "We feel that breakfast, specifically the breakfast buffet format, will definitely remain a permanent fixture at Ponderosa."

While Ponderosa relies exclusively

*(See **BUFFETS**, page F4)*

Fast feeders gain on family restaurants in the breakfast race

(Continued from page 1)

"If people want a real breakfast, they come to me," said Melvin Frazier, owner of the bustling 70-seat Melvin's family restaurant in Atlanta. "If they want a substitute, they can go elsewhere."

But increasingly, it appears, customers are indeed going elsewhere.

McDonald's revolutionized American eating habits in 1972 when the world's biggest restaurant chain began testing its Egg McMuffin, analysts agree. Since then, McDonald's direct competitors, including Burger King and Wendy's, have jumped on the breakfast bandwagon.

And more join the bandwagon every day. One of the surprising entrants lately has been Ponderosa, the 650-unit budget steakhouse chain, whose lunchtime salad bars are turned to breakfast warmers in the mornings.

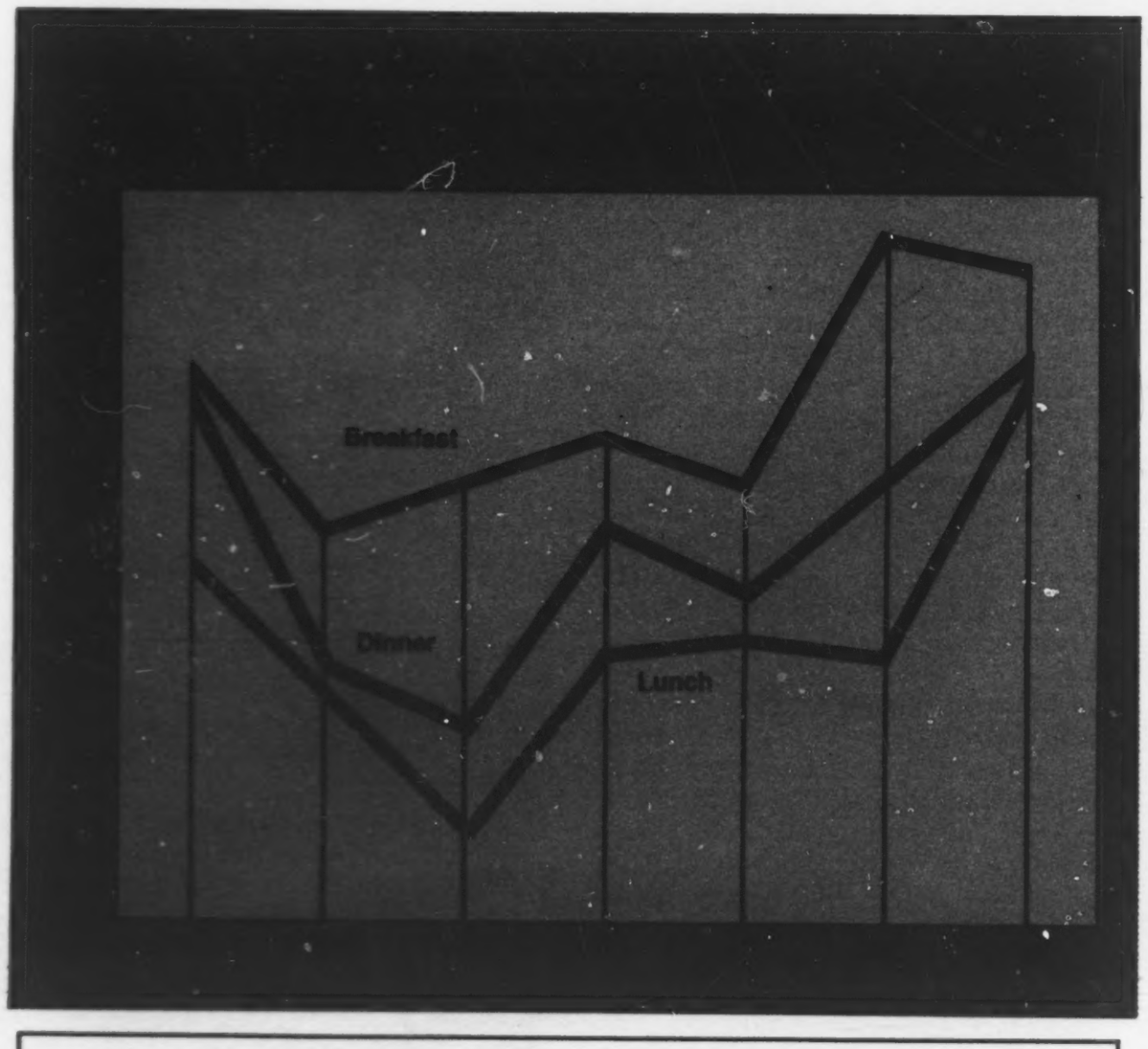
In an effort to hold their ground, family restaurant chains such as the Big Boy and Shoney's systems have added all-you-can-eat breakfast bars, attempting to compete against fast food on price and convenience.

Some hotels have noted a leveling off of breakfast covers, while sales remain strong for their captive market. And several entrepreneurs have entered the market with breakfast-only concepts such as Le Peep in Denver.

The late 1970's and early 1980's saw the rise of a new breed of fried chicken chains which based more than a third of its sales on biscuits, more often than not served in the morning. Mrs. Winner's, Bojangles', Sister's and others are just a few of the progeny.

In addition, powerful chain-owned convenience grocery stores have entered the fast-food fray, targeting breakfast as one of the most vulnerable markets.

Southland Corp., owner of the 7,000-outlet 7-Eleven convenience store chain, boasts that it moves more fresh-brewed cups of coffee than any American retailer.



A SAMPLING OF CHAIN RESTAURANT BREAKFAST SALES

(As Per Cent of Total Sales)

	1983	1984	Average Check
Big Boy	30.0	28.0	3.15
McDonald's	18.5	19.5	2.10
Wendy's	NA*	10.0	2.10
Ponderosa	NA	14.0	3.40

Source: Restaurant Trends, Middletown, N.J.
*NA = Not Available

Circle K, the second-ranked convenience store chain, has introduced a breakfast burrito that the customer warms in a microwave oven.

Asserting that fast-food chains effectively created the eat-away-from-home breakfast market, Carl DiBiase of Restaurant Trends in Middletown, N.J., said, "People didn't normally think of eating breakfast with their hands."

"But the biggest breakthrough fast food made," DiBiase said, "was shoving it down the throats of franchisees—because it was not profitable and in some places still isn't."

DiBiase said franchisors were spurred by top-of-the-line sales, on which their franchisee commissions are based. But once established breakfast generates top-of-the-mind awareness for increased efficiencies of scale in advertising expenditures. And once profitable, breakfast serves to amortize fixed costs by utilizing assets around the clock.

Despite competitors' inroads, Melvin's Frazier does a booming breakfast business and he isn't complaining.

"It's got a lower food cost," said the 54-year-old veteran of the restaurant business. The meal he costs out at less than 75¢—which includes eggs for 6¢ apiece, three biscuits, meat and grits—commands $3 on the menu, Frazier said. "And coffee is the cheapest thing in the world."

"But it takes more of my labor cost because basically everything has to be cooked to order," Frazier said.

But family restaurants continue to lose market share to fast-food chains. DiBiase's market research surveys indicate that Howard Johnson and Big Boy lost two percentage points of share last year, while McDonald's and Burger King made gains.

"The long term trends," said DiBiase, "certainly don't spell prosperity for the family restaurants."

Atlantic City's big losers

(Continued from page 1)

She reeled off a list of one-time competitors who were not even that fortunate: Shumsky's, Zaberers, The Sand Castle. All were once Atlantic City landmarks, catering to the families who flocked here for vacations. Shumsky's, for instance, drew patrons from up and down the Jersey shore for more than 55 years.

Yet each has been added to the casualty list of restaurants that were unable to weather the advent of legalized gaming. A drive down Pacific Avenue, a main drag two blocks inland from the boardwalk, revealed a shuttered restaurant every three blocks.

A spot-check of independents listed in the 1983 Yellow Pages found that one out of three were no longer in operation.

City officials were unable to say exactly how many restaurants in the area have closed. Several commented, however, that the tally is high.

"People come here to gamble, not to eat in our restaurants," said Andrew Latz of Knife & Fork. "If they eat here, it's because they walk off the boardwalk and find us."

The city's 10 casinos have gone to great lengths to make that possibility highly unlikely.

The typical Atlantic City patron is a low-budgeted "day-tripper" bused in for a single day. Since gambling time is limited, dining becomes a low priority usually satisfied by the fastest, most conveniently located and least expensive outlet.

The casinos have capitalized on that orientation by positioning buffet-style restaurants near their gaming areas, or offering significant discounts at their sit-down facilities.

The Sands Hotel & Casino, for example, features a multioutlet food court two floors above its casino. The Golden Nugget's Sweetheart Cafe is a blatant copy of a McDonald's.

"How can you compete? The casinos don't do as good a job within their restaurants as we do, but they have a captive market," said O'Brien.

To make matters worse, changes within Atlantic City brought about by the legalization of gambling have whittled away the local customer base. The advent of casinos sent real estate prices skyward, prompting many natives to sell out.

"Most of our customers are local. They're the few that still live here," O'Brien said.

The heavy influx of visitors has also created chronic traffic jams in downtown Atlantic City, or at least rumors to that effect. Rather than buck the traffic, many natives are heading for restaurants outside of town.

REPORTS OF heightened crime activity are also prompting local patrons to dine in outlying areas.

The casino-hotels maintain that they are not to blame for the woes of neighboring restaurants.

"The good ones are still doing quite well. The places that have closed left much to be desired," said Tom Carver, president of the Atlantic City Casino Hotel Association.

Houston's hot

(Continued from page 1)

within their local markets, providing steep competition for T.G.I. Friday's, Bennigan's, Houlihan's and other casual theme operators.

Daily customer counts range from 800 to 1,000, according to the estimates of individual Houston's outlets. The average check varies from $7.95 to $15 depending on location.

Sales estimates by individual outlets yield a ballpark annual store average of $3.6 million. One Houston's said its yearly revenues exceed $5 million.

Though clearly cut from the same cloth as a Bennigan's or a Friday's, Houston's outlets sport a far more restrained atmosphere. One of the restaurants in Houston, for example, features exposed wood beams, brass railings, neon beer signs and hanging plants, but none of the off-beat antiques and artifacts that have become the signature of most casual theme restaurants.

The design of each Houston's is tailored to its marketplace, a reflection of the vow made early-on by Houston's executives to avoid a cookie-cutter approach.

However, all but the outlet in Georgetown, D.C., are situated in suburban areas, usually as part of a shopping complex or mall.

All use the same menu, though prices vary. Houston's specialties include barbecue ribs (a "knife and fork version," as the menu points out); a club sandwich served with mustard honey dressing, and Tortilla Flats, a hybrid type of nachos.

A lengthy array of specialty drinks and wines are also featured.

The same menu is used for lunch and dinner, which Houston's offers seven days a week. At the outlet in Houston, prices ranged from $5.95 for a burger platter to $11.95 for the Hawaiian steak.

According to a server at that store, all ingredients are prepared fresh on-premises.

Houston's has adopted a conservative approach to expansion. In the last two-and-a-half years, it has added only five restaurants, and several of those in markets where it was already represented.

Houston's outlets are presently open in Atlanta (two), Nashville, New Orleans, Houston (two), Dallas, Georgetown, Memphis, Fort Lauderdale, Kansas City, Kan., and Rockville, Md.

Houston's vice president Vic Branstetter commented several years ago in a rare interview that the strategy was to cluster additional outlets around those already in operation. The goal, he said at the time, was to realize greater economies of scale.

HOWEVER, THE chain's executives declined to comment on the enactment of that strategy or any other aspect of Houston's operations.

"It's one of the privileges we have as a privately held company," said vice president of operations Joe Ledbetter.

Sea scallop supply short

(Continued from page 3)

nadian suppliers $6.80 a pound for sea scallops and $7.40 for the bay. He charges $13.95 for a 7-oz. scallop dinner.

Experts say the abundance of scallops in nature is cyclical, depending on factors like water temperature and currents and predation. But the recent shortages have been laid specifically to man.

When scallop prices went up several years ago, shrimpers and other fishermen turned their attentions to the resource and, according to Carol McBride of the National Marine Fisheries Service, many scallops were taken before they were sexually mature. That has resulted in fewer offspring now.

THE SEA scallop is a bivalve (two-shelled) mollusk that normally becomes sexually mature in its fourth year. Left alone, it can live up to 20 years. Except for its first few vulnerable weeks of life, the scallop easily evades predators because of its shells and swimming ability. Man is its only true natural enemy.

Besides overharvesting, another problem for the American seafood industry is the World Court's settlement of a dispute between the United States and Canada over a portion of the Georges Bank. The court drew an imaginary line through the entire bank, dividing it between the two nations. On the positive side, much of the disputed area went to the United States.

But the section of the Georges Bank that was given to Canadians, said Doug Marshall of the New England Fishery Management Council, is "quite rich in scallops." He added, "Now our people are not able to fish there." This makes for an uncertain future, he said.

For all of 1984, according to the National Marine Fisheries Service, the total scallop landing was estimated at 7,900 metric tons of meat. In 1978 it was 14,483.

Guste's: Going it alone

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As sole owner of Guste's, however, he has found the creative latitude he was denied at Antoine's, and his ideas pervade virtually all aspects of the $2 million operation—from the design and color of the terrycloth napkins to the development of dozens of unique recipes.

"I wanted to build something that was contemporary and innovative," said Guste, who has studied cooking in France and published two cookbooks. "A restaurant that would attract people of my generation—a younger, upbeat market."

For the most part, the menu is Guste's interpretation of the traditional Cajun and Creole dishes he was raised on. "I first made a list of what I felt were the most outstanding dishes in the area, and then redeveloped them," he explained. The result is what he now refers to as "contemporary Louisiana cuisine."

Guste pointed to his duck sauce piquante—white Pekin duck simmered in a tart, spicy sauce and served over a bed of wild and white rice with raisins, pecans and crispy duck skin—as a particularly good example of the cuisine he is attempting to create at Guste's.

Utilizing some basic tenets of European peasant cooking, Guste has replaced the traditional oil in the Creole roux with rendered duck fat, a technique which helps to lower food cost as well as heighten the flavor of the dish. Additionally, the duck's carcass is used to flavor the rice.

"I don't think anyone else in New Orleans is going to that extent," he noted.

NOT EVERY dish Guste has developed has proved successful during the three months the restaurant has been open, though. "I removed a fish in a garlic-onion sauce and a sweet potato vichyssoise from the menu," he explained. "They worked beautifully in the test kitchen, but were uneven in the restaurant."

Instead, he replaced them temporarily with two more traditional dishes—a gumbo made with shrimp, oysters, crab and smoked meats, and a flounder meuniere. Guste said he hopes to bring the two dishes back in the future after they have been reworked.

Prices at Guste's are relatively low, compared with Antoine's $50-plus check average. Guste estimated the average lunch check at $15 with beverage and the average dinner check to be $25, also with a beverage.

"My intention was to create a low-cost operation," he explained. "I didn't think New Orleans needed another expensive restaurant."

He said he has been able to hold food costs to a reasonable 32% of gross sales by avoiding any unnecessarily expensive products, such as lobster, lump crab meat or pompano. "We just need good, fresh products," he added.

ALTHOUGH GUSTE admitted some of his clientele will be the same as Antoine's, he emphasized he "is not trying to steal the 'old guard.'"

"We're trying to attract the people that don't yet have their own restaurant," he said. And although Guste's is currently in the midst of a slow period, it is attracting upward of 200 covers daily—which Guste said he hopes to see increase to 600 eventually.

The design of Guste's is also quite contemporary, with high-tech Japanese influences found in both the black lacquered tables and red geometric room dividers and screens.

NRA nominates Grisanti

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came after a spirited debate over the pros and cons of allowing a corporation to have more than one of its executives on the NRA board.

The NRA board had unanimously passed a resolution last September at its fall Washington meeting, amending the bylaws to permit executives of different chains in the same corporation to serve on the board if dues and separate memberships were maintained by each chain.

Remote as it might seem, the issue of potential dominance of the NRA board by large corporations such as W. R. Grace and Marriott suddenly flared into the open during the final winter board session at the Arizona Biltmore here. Robert Flickinger, 1972-73 NRA president and former chairman of Service Systems, who had not been at the fall board meeting, rose to challenge the bylaw change.

"I and others are unaware that any such bylaw change has actually been passed," Flickinger told bylaws committee chairman Kenneth Hill, Grace's Gilbert/Robinson president. "The idea that any conglomerate can have separate chain directors merely by having the chains pay separate dues can lead to too much control of this board by one corporation."

Flickinger moved a motion to rescind the bylaw change, and 1978-79 NRA president Thad Eure, former president of General Mills' Darryls theme restaurants, moved for an executive session to freely debate the issue.

The 40-minute private debate that ensued marked the first time the board went into executive session since its January 1982 meeting in San Antonio just after Robert Bradford was ousted as staff chief.

DIRECTORS LATER declined to comment on what transpired at the debate, and no comment was forthcoming on whether the bylaw change might be rescinded. But sources indicated a consensus apparently was reached to maintain the bylaw change.

The sources also said the debate was an honest struggle over principles between independent operators wary of chain influence and the chains themselves which want more representation.